

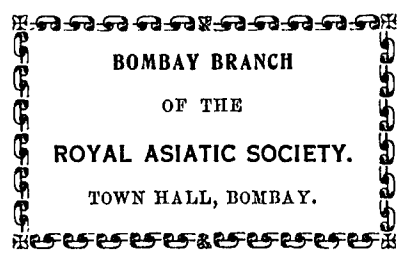
Government of India

Financial Statement

1905-06 to 1907-08



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GOVERNMENT OF INDIA
FINANCE DEPARTMENT

FINANCIAL STATEMENT

FOR

1905-1906.

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GOVERNMENT OF INDIA.
FINANCE DEPARTMENT.

FINANCIAL STATEMENT FOR 1905-1906.

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FINANCIAL STATEMENT FOR 1905-1906.

PART I.

I beg to lay on the table the Financial Statement for 1905-1906, together with the usual figures relating to the Accounts of 1903-1904, and the Revised Estimate for 1904-1905.

2. Before presenting the figures, I may state that the good fortune which has attended the finances of the Government of India during the last six years has not failed us. It is true that in parts of Bombay and Madras there was some failure of the monsoon, and that in certain districts of Northern India the *rabi* crop which had promised to be magnificent has been seriously damaged by frost. But notwithstanding these local misfortunes, which have our hearty sympathy and shall receive a full measure of relief, we expect that the year 1904-1905 will close with the large surplus of £3,485,500. For next year, we estimate that on the present basis of revenue and expenditure we should have had a surplus of £3,398,800. We have, however, decided to make certain large remissions of taxation, and also to devote considerable sums of money to the improvement of various branches of the civil administration. These are estimated to absorb £2,495,000 per annum. The effect of these measures, an account of which will be presented in its proper place, is to reduce the estimated surplus of 1905-1906 to £903,800.

3. The figures for the three years, exhibited in their simplest form and excluding Capital, Debt, and Remittance transactions, are as follows :—

						1903-1904 (Accounts).
						£
Revenue	.	.	.	.	.	83,756,155
Expenditure charged against Revenue	.	.	.	.	.	80,759,755
				Surplus	.	2,996,400
						1904-1905 (Revised Estimate).
						£
Revenue	.	.	.	.	.	84,699,100
Expenditure charged against Revenue	.	.	.	.	.	81,213,600
				Surplus	.	3,485,500
						1905-1906 (Budget Estimate).
						£
Revenue	.	.	.	.	.	83,433,000
Expenditure charged against Revenue	.	.	.	.	.	82,529,200
				Surplus	.	903,800

Accounts of 1903-1904.

4. This time last year, we estimated that the year 1903-1904 would close with a surplus of £2,711,200. The actual result has been better by £285,200. The revenue exceeded the estimate by £688,355, and the expenditure increased by £403,155. The receipts and charges of our Railways exceeded the estimate by £118,465 and £112,397, respectively, and those formerly shown under "Mint" (which represent chiefly the profits on coinage, and payments into the Gold Reserve Fund) were larger by £172,566 and £168,485, respectively. In both cases the net variation was small. The same remark applies to the receipts and charges under "Marine." The receipts from Salt, Excise, Forests, and Customs were better than the estimate by £90,465, £54,596, £43,216, and £36,798, respectively. In the last case the import of cotton piece goods contributed materially to the improvement. An advance payment of interest by the Bombay Port Trust led to an increase under that head; while in

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England there was an unexpected receipt of £90,204 from the War Office on account of British troops serving in India. On the other hand, there was a reduction of £28,012 under Land Revenue, chiefly due to the change of *kist* day in Assam. There was also a reduction of £28,276 in the cost of the Telegraph service, of which £16,500 was due to short payments under the Joint Purse agreement, and the remainder represented reduced capital outlay in India. Further explanations on all material points will be found in the Memorandum by the Financial Secretary which is appended to the Financial Statement.

Revised Estimate, 1904-1905.

5. The Revenue of the year has largely, and the expenditure has considerably, exceeded the estimates which we framed last March. At that time we anticipated that the revenue would amount to £80,148,600, the expenditure (including Provincial surpluses and deficits) to £79,229,900, and the surplus to £918,700. These figures have risen, according to our latest calculations, to £84,699,100, £81,213,600, and £3,485,500, respectively; the surplus exceeding the estimate by the large sum of £2,566,800.

6. The causes which have led to this result are, firstly, the remarkable elasticity of our Railway revenue, which exceeded the estimate by £2,381,500 (or by £1,900,300 *net*); secondly, the high prices obtained for Bengal opium, which have augmented the revenue from this source by £1,088,900; and thirdly, the general prosperity of the year throughout the greater part—though not the whole—of India, which has led to an expansion of revenue under every head except Land Revenue and small sums under Assessed Taxes and Provincial Rates. The aggregate improvement under these various heads was £1,080,100. There has been a reduction of expenditure under most of the heads of the civil administration, amounting to £990,200, but the charges on account of Railways rose by £481,200, while under Army there was an increase of £1,200,000, due mainly to the Tibet Mission and outlay in connection with the reorganization and redistribution of the army in India. The remainder of the difference is due to the adjustment of the Provincial surpluses and deficits, the Provincial balances being drawn upon to the extent of only £24,100 in place of £1,316,800 taken in the budget. The greater part of this difference is due to the two grants of 50 lakhs each, or £667,000, which were made to the Local Governments of the Punjab and Bombay in connection with the revision of their Provincial Settlements.

7. The principal variations of revenue from the Budget Estimate were as follows:—

DECREASE—										£
Land Revenue	.	.	.	.	.	.	.	.	.	628,700
INCREASE—										
Opium	.	.	.	.	.	.	.	.	.	1,088,900
Salt	.	.	.	.	.	.	.	.	.	218,400
Stamps	.	.	.	.	.	.	.	.	.	105,900
Excise	.	.	.	.	.	.	.	.	.	252,000
Customs	.	.	.	.	.	.	.	.	.	444,200
Other heads	.	.	.	.	.	.	.	.	.	132,800
Interest	.	.	.	.	.	.	.	.	.	100,700
Post Office	.	.	.	.	.	.	.	.	.	95,400
Telegraph	.	.	.	.	.	.	.	.	.	54,800
Civil Departments	.	.	.	.	.	.	.	.	.	89,900
Miscellaneous	.	.	.	.	.	.	.	.	.	28,500
Railways	.	.	.	.	.	.	.	.	.	2,381,500
Irrigation	.	.	.	.	.	.	.	.	.	68,200
Other Public Works	.	.	.	.	.	.	.	.	.	54,800
Receipts by Military Department	.	.	.	.	.	.	.	.	.	62,300
TOTAL										5,178,300

8. The falling off under Land Revenue was wholly due to the large remissions and suspensions which have been granted in Bombay and Madras, in consequence of the failure of the monsoon in Gujerat and certain districts of the Madras Presidency. These amounted to 47 and 44 lakhs, respectively.* The estimate of collections in the United Provinces has also been reduced by ₹8,24,000, mainly in consequence of a poor *kharif* crop in Bundelkhand. (The injury done to the *rabi* in the United Provinces by frost affects the revenue of 1905-1906 rather than that of the current

year). These three failures, of which the first two were undoubtedly serious to the areas affected by them, constitute almost the only drawback from the generally favourable character of the seasons during the past year. It may be stated that the curtailment of revenue collections mentioned above is by no means the only measure adopted for the relief of the tracts concerned. Additional takavi advances aggregating ₹10,00,000 have been authorized by the Local Governments in question: famine relief works on a small but sufficient scale have already been undertaken in Bombay: and provision for similar works to the extent of 15 and 16½ lakhs, respectively, has been made in the estimates for 1905-1906.

In most of the other Provinces the Land Revenue exceeded the estimate, especially in Burma and the Punjab.

9. As regards Opium, the Budget Estimate adopted an average price of ₹1,250 per chest of Bengal opium. This has been largely exceeded in every month of the year. The price obtained in April was ₹1,740, and, though the market was quieter in September and October, it recovered in the cold weather, prices reaching ₹1,621 in February and ₹1,552 in March, with an average of ₹1,587 for the whole year. The poppy crop was an excellent one, and the payments to cultivators were proportionately large, though they fell short of the liberal budget provision by 5 lakhs of rupees.

The pass duty on Malwa opium was raised from ₹500 to ₹600 per chest with effect from the 7th May 1904. The demand for export was weaker than in 1903-1904, though stronger than in the two preceding years. The number of chests cleared is estimated at 19,370, and the higher rate of duty has only yielded one lakh above the original estimate.

10. The Salt Revenue has again shown a healthy expansion and is now estimated at £5,351,700, as compared with £5,250,465 in 1903-1904, and £5,133,300 taken in the Budget. The issues are estimated at 39,165,000 maunds, or, excluding Burma, at 37,750,000 maunds. The latter figure is an increase of 1,366,358 maunds over the issues of 1903-1904. This follows increases of 1,174,458 maunds and 815,385 maunds, respectively, in the two previous years, and affords reasonable ground for the belief that the reduction made in the duty two years ago has reached a large proportion of the small consumers by whom the bulk of the revenue is contributed.

11. The revenue from Stamps continued to develop in almost every Province, the growth being greatest in Bengal. Under Excise, an increase of 10½ lakhs over the actuals of 1903-1904 was taken in the Budget, but this will be exceeded by ₹37,79,000. Every Province has exceeded the estimate except Burma (where the decrease is nominal), the increase being greatest in Bombay, Madras, the Central Provinces and Berar. This branch of the administration demands, and is receiving, the constant attention of Government. Fluctuations from one year to the next afford no sure ground for any general conclusions, but if the facts relating to a substantial period of time are examined they lend little colour to the belief that the habit of drinking is on the increase. The main cause of the growth of revenue from liquor is undoubtedly the higher rate of taxation now imposed upon it. Our receipts from Customs have exceeded the estimate by £444,200, and the actuals of last year by £395,102, the increase being distributed with tolerable uniformity between Bengal, Bombay, and Burma. The chief factor in the increase of revenue was the imports of cotton piece goods, which yielded £154,960 more than in 1903-1904. Manufactured articles gave an increase of £77,922; the export duty on rice was the highest on record and gave an increase of £51,242; and smaller increases were furnished by most other heads, including petroleum, sugar, metals, silver, and the cotton excise duties. There has been a large development of postal and telegraph business, due, in the latter case, to the reduction of inland rates and increased foreign traffic across India in consequence of the Russo-Japanese War. The only other head that need be mentioned is Railways. The increase of net earnings over the Budget Estimate was £1,900,300, of which State Railways contributed £1,789,600. Of this large sum, no less than £900,000 has been contributed by the North Western Railway, where the wheat traffic has largely exceeded the remarkable figures of 1903-1904. All the other principal systems, however, shared in the growth of revenue, the principal improvements being on the East Indian Railway (51 lakhs), the Great Indian Peninsula Railway (21½ lakhs), the Bengal Nagpur Railway (13 lakhs), and the Rajputana-Malwa Railway (12 lakhs). Railway earnings are necessarily a matter of great uncertainty, as they are dependent on causes which are beyond our control, and which it is often quite impossible to foresee long in advance. The general tendency must in the long run be in the direction of expansion, as the length of open mileage increases, and the country served thereby becomes opened up.

Expenditure.

12. Many of the Local Governments have failed to expend the full amount of their allotments, especially those under Land Revenue (which really represent the charges on account of district administration), Courts of Law, Jails, Police, Education, Medical, and Civil Works. A similar explanation applies to the Military Works Department and the Postal and Telegraph administrations. In the latter case, however, a part of the reduction represents merely postponement of payments due under the Joint Purse Agreement, but not likely to be adjusted till after the close of the year. The reduction under "Mint" is only apparent, and is due to the transfer to the Debt and Deposit section of the accounts of the profits on coinage and payments into the Gold Reserve Fund. The increase of £73,600 under the group entitled "Famine Relief and Insurance" is mostly nominal. It was formerly the practice to treat the net loss on the Indian Midland and Bengal Nagpur Railways as a part of the sum of one million sterling for which we budget every year as an insurance against famine. This practice has now been discontinued, and the full million is shown irrespective of whatever loss there may be on the two Railways in question. There has, however, been a real increase of £8,800 under this head for Famine Relief works in Bombay. Under Irrigation, there has been an increase of £103,400, of which £52,200 represents working expenses of productive works, and £58,800 is on account of minor works.

13. The only other head that calls for notice is Army Services, in which the excess over the Budget is £1,200,000. Of this amount, £417,000 represents the increase of expenditure over the estimate on account of the Aden Delimitation Commission, the Seistan Boundary Commission, and the Tibet Mission, chiefly the latter. The charge on account of reorganization for which no provision was made in the Budget, is shown as accounting for £1,191,500, but this includes expenditure incurred in England from the provision of £500,000 for new artillery for which Budget provision was made as explained in paragraph 193 of last year's Financial Statement. Under other Military heads there was an increase of £91,400.

Budget Estimate, 1905-1906.

14. For next year we estimate that the revenue will amount to £83,433,000, and the expenditure (after allowing for a reduction of £1,370,300 in Provincial balances), to £82,529,200, thus leaving a surplus of £903,800.

15. We anticipate that the loss of Land Revenue which has occurred in the current year (as compared with the Budget) will be nearly, though not quite, made good by the revision of settlements and the bringing of new land under assessment, especially in Burma, Bengal, and Madras. In Bombay, on the other hand, the recovery is not expected to bring up the collections to the level of 1903-1904; and in the United Provinces and the Punjab realizations will probably be prejudicially affected by the injury done to the *rabi* by frost. In the former province, the estimate has been placed 50 lakhs lower than was contemplated before this misfortune occurred, and of this 42½ lakhs will be treated as remissions. Under Opium, we have taken the price of Bengal opium at Rs. 1,400 a chest, which is as high as it is safe to go. This will place the receipts £566,300 below those of 1904-1905, but this item is notoriously uncertain. Under Stamps and Excise we have assumed that the revenue will continue to grow to a moderate extent. Under Customs, the high figures of the current year under piece goods and the export duty on rice are not certain to be maintained, and we have thought it prudent to assume that the total revenue will virtually be stationary.

16. Under the important head of Railways, it would be unsafe to reckon on a continuance of the remarkable returns of the present year. The receipts and charges for the past and the current years, and those for which we have taken credit in 1905-1906 are as follows:—

	1903-1904, Actuals.	1904-1905, Revised Estimate.	1905-1906, Budget Estimate.
	£	£	£
Receipts	21,557,866	23,997,300	23,856,400
Charges	20,697,197	21,742,800	22,292,200
NET REVENUE ..	860,669	2,254,500	1,564,200

17. On the expenditure side the only important reductions are under Interest (£273,500) and Opium (£134,100). The latter is due to the comparatively poor prospects of the poppy crop now upon the ground. The former is due partly to the discharge of one and a half millions sterling of India Bills during the current year, and the intended discharge of half a million more during 1905-1906, but principally to the transfer of debt from the non-productive account to the Railway and Irrigation revenue account. This process is continued year by year, being determined by the extent to which capital expenditure has been provided for otherwise than from loan funds. The annual interest charge on non-productive debt has in this manner been reduced to £895,800.

Under Army Services, there is a small decrease of £32,400, which represents the difference between an increase of £1,013,200 on account of the Reorganization scheme (to which reference is made in paragraphs 30 to 32 below), and a decrease of £1,045,600 under ordinary expenditure, effective and non-effective. Of the latter £645,300 is due to the practical cessation of expenditure on the Tibet Mission and the Aden and Seistan Commissions. The remainder of the decrease is due to the curtailment of special measures for the improvement of the army which will hereafter be to a large extent merged in the Reorganization scheme.

18. Under the other principal heads of expenditure, we anticipate an increase as follows:—

	Increase on Revised Estimate of 1904-1905. £
Direct Demands on the Revenue	161,000
Telegraph	119,100
Salaries and Expenses of Civil Departments	1,026,800
Other Public Works	888,100
Special Defences	105,300

Under the first of these heads, the increase is due to fuller provision being made for the expanding requirements of district administration in all Provinces, especially Bengal and Madras, and the strengthening of Excise establishments in the Central Provinces, Bengal, Burma, and Bombay. The Army Reorganization scheme accounts for an increase of £232,900 shown under "Other Public Works." Of the remaining increase under this head, £125,000 represents expenditure on the Simla improvement scheme which was not carried out during the current year, and £153,000 are on account of a variety of new works chiefly in Burma and Bengal. The bulk of the increase, however, is due to the cause explained in paragraph 27 below. Of the large increase shown under Salaries and Expenses of Civil Departments £700,000 are explained in paragraphs 24 to 26 below. The remainder is made up of increases of Provincial expenditure under Police (£69,200), Education (£132,200), Medical (£78,100) mainly on account of plague charges in Bombay, Madras, the United Provinces and Burma, and Scientific and Minor Departments (£83,800) mainly on account of the Pusa Agricultural College. These are partially counterbalanced by decreases of small individual amount under other heads of this group. The increase under Telegraphs is due to the development of the service. The increase under Special Defences merely indicates that there was a large lapse on the grant for the current year. The causes of the increase under the remaining heads are explained below.

19. Had we maintained taxation on the same scale as in the current year, and provided merely for the normal growth of Civil expenditure as well as for the charges involved by the reorganization of the Army, the surplus in 1905-1906 would have amounted, not to £903,800, but to £3,398,800. As intimated in paragraph 2, it has been decided to apply a large part of this sum to the remission of taxation, and to effecting improvements in certain important branches of the Civil administration. I now proceed to set these forth in detail.

Application of the Surplus.

20. The measures to which we have resolved to apply the surplus at our disposal are seven in number. Two of these are remissions of taxation; one is an administrative reform involving a sacrifice of revenue; and four are measures of improvement of branches of the Civil administration involving permanent increase of expenditure.

21. In the first place, we have decided to make a further reduction in the salt tax of 8 annas a maund, thus fixing it at ₹1-8-0 a maund throughout India, exclusive of Burma where the rate is already only ₹1. The reduction will take effect from to-day, and is estimated to involve a loss of revenue of 6 lakhs in the remainder of the current year and of 1,83 lakhs in 1905-1906. Some portion of the loss may be made up by increase of consumption, but allowance has been made for this in the estimate. The rate of duty will then be at least 25 per cent lower than at any date since the duties were made uniform throughout India in 1878.

22. The second measure is the abolition of the so-called famine cesses which are levied in the United Provinces, the Central Provinces, and the Punjab, including the districts transferred to the North-West Frontier Province in 1901. These cesses were first imposed in 1878, at rates approximately equivalent to 2 per cent on the land revenue, as a part of the measures then being carried out for the creation of an annual surplus of $1\frac{1}{2}$ crores of rupees as an insurance against famine. The provision for this purpose has now been made up in other ways, and the retention of these cesses, which are paid in no other part of India, is no longer necessary. The question of abolishing them was considered some years ago, but it was found to be doubtful whether the remission would reach the actual cultivator, and it was further held that other measures then in contemplation were entitled to priority. The former consideration still holds good, but the latter does not, and we have therefore decided that the time has come when the payers of these cesses, whether landlords or tenants, may rightly be relieved of them. The loss of revenue involved is :—

	₹
United Provinces	13,30,000
Punjab (including districts transferred to North-West Frontier Province)	7,39,000
Central Provinces	1,96,000
TOTAL	22,65,000

The cesses at present form an asset of Provincial revenues, which will be compensated by an assignment through the adjusting head.

23. The third measure is an improvement of postal facilities. At present the weight of a letter which the Indian Post Office carries for half an anna is limited to half a tola. We have decided to raise this to three-quarters of a tola, and we estimate that this will involve a loss of revenue of 7 lakhs of rupees per annum. The alteration in the limit of weight has often been advocated in the press and elsewhere, and will be appreciated by a large section of the public. So long as the postal services are not conducted at a loss, it is not the desire of Government to treat them as a source of revenue; and we believe that the margin of net receipts is sufficiently assured to justify us in undertaking this reform without serious danger of incurring a postal deficit.

24. Turning now to the four measures of administrative improvement which involve increased recurring expenditure, the first in urgency, though not in immediate magnitude, is the reform of the Police, in accordance with the approved recommendations of the Police Commission. To carry out those recommendations in full will cost a very large sum of money, and must necessarily occupy a considerable time. For next year, however, we have arranged to make a beginning by providing a sum of 50 lakhs of rupees which will be distributed among the Provinces as follows :—

	Lakhs.		Lakhs.
Madras	10	Burma	5
Bombay	5	Central Provinces	4
Bengal	12	Berar	1
United Provinces	6½	Assam	½
Punjab	5	Minor Provinces	1

These grants will be permanent and will be added to the fixed assignment of each province which has a Provincial Settlement. The principal measures to which these grants will be applied during 1905-1906 are the following :—

- the strengthening of the armed Police reserve;
- an increase to the pay of the rank and file of the force;
- the grant to all constables of a free kit on enlistment, together with local allowances in special tracts, and a deputation allowance of 2 annas a day (or 4 annas in Burma) when deputed on duty beyond their circle; and
- an increase of strength and pay and improved grading for Sub-Inspectors.

It is estimated that these measures, which for the most part can be carried out without delay, will absorb the whole of the provision made for 1905-1906. The remainder of the approved reforms will be carried out in due course, the requisite funds being provided partly from Provincial revenues, and partly by means of additional assignments from Imperial. It is hoped that not less than 25 lakhs per annum will be made available for this purpose in 1906-1907 and succeeding years until the entire scheme has been carried out ; but it is evidently impossible to guarantee this rate of progress in advance.

25. The next measure is a permanent grant of 35 lakhs per annum to Provincial Governments for expenditure on Primary Education. This grant will be provincialized in the same way as the grants for Police, and will be distributed as follows:—

Lakhs.					Lakhs.				
Madras	.	.	.	6	Burma	.	.	.	2
Bombay	.	.	.	5	Central Provinces	.	.	.	1·6
Bengal	.	.	.	10	Berar	.	.	.	·4
United Provinces	.	.	.	6	Assam	.	.	.	1
Punjab					3 lakhs.				

It is unnecessary to dwell on the importance of making better provision for the needs of primary education in India. Not only are there too few primary schools ; but in most of them the teachers are untrained, underpaid, and insufficient in number ; the school buildings in some provinces are squalid and unsuitable ; the appliances and apparatus fall far short of the standard recognized as desirable ; and the inspecting staff is inadequate and of inferior attainments. In so far as these defects are due to want of funds, the grants now made will go some way to remove them. Steps will be taken to ensure that they shall be reserved exclusively for the purpose for which they are given, and not diverted to other objects however desirable in themselves.

26. Next, we have decided to set apart a sum of 20 lakhs per annum for the development of agricultural experiment, research, demonstration, and instruction. The ultimate aim which we set before ourselves in this matter is the establishment of an experimental farm in each large tract of country of which the agricultural conditions are approximately homogeneous, to be supplemented by numerous small demonstration farms, the creation of an agricultural college teaching up to a three years' course in each of the larger Provinces, and the provision of an expert staff in connection with these colleges for purposes of research as well as education. This programme will be a work of time, and the details will have to be worked out carefully with the Local Governments. The eventual cost will largely exceed 20 lakhs a year, but we believe that that sum can be usefully spent during 1905-1906 in the establishment of seed and demonstration farms, the construction of buildings, the acquisition of land, and the like. The distribution of the total grant between the various Local Governments has not yet been settled, and for the present, the whole grant is shown as Imperial expenditure. It will be passed on to the Provincial head when the distribution has been finally arranged. The cost of these three measures is 1,05 lakhs of rupees, or £700,000 per annum. It is charged under the head "Salaries and Expenses of Civil Departments," and accounts for the greater part of the increase under that head.

27. The last measure to which we have decided to devote a part of our surplus involves the largest expenditure of all. It has been resolved to make a grant-in-aid of the funds of all District and Local Boards throughout India, equal approximately to one-fourth of their income from rates or cesses imposed upon the land. It is estimated that this will cost us 56½ lakhs per annum, and the amount will grow as the income from cesses increases. Each Local Government will for the present have power to distribute its share of the grant among its Local Boards at its discretion in accordance with their respective needs, but it is not intended that the grants now to be sanctioned shall be accompanied by any transfer of charges which are at present Provincial. The allotments to each Province for 1905-1906 are as follows:—

Lakhs.					Lakhs.				
Madras	.	.	.	14	Burma	.	.	.	4½
Bombay	.	.	.	7	Central Provinces	.	.	.	1·10
Bengal	.	.	.	12½	Berar	.	.	.	·90
United Provinces	.	.	.	8	Assam	.	.	.	1½
Punjab	.	.	.	6½	Minor Provinces	.	.	.	½

The charge, which amounts to £377,000, is shown under " Other Public Works."

Although individual Boards have sometimes received grants from Provincial Revenues in the past, no permanent subvention of a general character has ever been made in India. In the United Kingdom, however, there are precedents for grants-in-aid of local taxation ; and even if there were none, we entertain no doubt that in the circumstances of this country such a grant as is now proposed can be most usefully applied. It is a general complaint that the resources of the Boards are incommensurate with the duties imposed upon them ; and throughout a great part of India from sheer want of funds it is impossible to make adequate provision for their roads and bridges, for their hospitals and dispensaries, for their schools, for water-supply and sanitation, and for veterinary aid for cattle. We hope that the substantial assistance now given to the Boards will afford them the means of effecting material improvements in all these branches of their administration. In the distribution of the allotments it is intended that special consideration shall, wherever possible, be paid to the wants of the several districts in the matter of communications.

28. The cost of these seven measures is £2,495,000, and it is distributed as follows :—

	£
Remission of Taxation	1,371,000
Increase of Postal facilities	47,000
Reforms of Civil Administration	1,077,000
TOTAL	2,495,000

Army Services.

29. The expenditure on the Army during the last four years and that proposed for 1905-1906 are as follows :—

	Army.	Military Works.	Marine.	Special Defences.	TOTAL.
	£	£	£	£	£
1901-1902	15,763,931	964,783	464,500	...	17,193,214
1902-1903	17,346,392	1,096,669	378,211	...	18,821,272
1903-1904	17,865,208	1,034,654	580,307	27,054	19,507,223
1904-1905 (Revised Estimate)	20,314,700	987,600	572,700	147,900	22,022,900
1905-1906 (Budget Estimate)	20,282,300	1,149,100	547,900	253,200	22,232,500

We have continued our policy of providing funds year by year for the improvement of the Army. Since 1899, the practice has been to bring together all projects of this character into an annual schedule, and to select the items to be proceeded with after determining the aggregate allotment which the state of our finances permits. The total sum allotted in this way during each of the past five years has been as follows :—

	£
1900-1901	606,100
1901-1902	1,001,400
1902-1903	981,300
1903-1904	1,123,000
1904-1905	1,009,800

30. For next year practically all measures of this nature in contemplation are merged in, and their cost is dwarfed by the great scheme for the redistribution and reorganization of the Army which has attracted so much public attention during the past few months. The leading principle of this scheme is the recognition of the fact that the chief function of the Army is now the defence of the North-West Frontier, and that the Army in peace should be organized and trained in units of command similar to those in which it would take the field in time of war. As a result the troops will be more concentrated, a number of small cantonments being abandoned, and their distribution will be mainly in three Army Corps Commands, each consisting of three divisional commands. Each divisional command will in the event of general mobilization supply a full division to take the field, in addition to providing the troops which would still be necessary for maintaining internal security. The old system under which the field Army arrangements were entirely distinct from those regulating the peace commands, will thus disappear ;

mobilization will become a natural and relatively easy supplement to the peace organization ; and the number and efficiency of the field forces will be materially increased.

31. The financial aspect of the scheme may be summarized very briefly. Having regard to its great magnitude, its intrinsic importance, and its lasting character, we should have been justified, according to the practice of most other nations, in providing for it from loan funds ; and, if necessity should arise hereafter, the Government of India will still be prepared to recommend that course. The present state of our finances, however, is such as enables us to make the necessary provision from current revenue, without transferring any part of the burden to future generations. Accordingly during the year now drawing to a close, in addition to a sum of £500,000 provided in the budget for new artillery, we have made special grants aggregating £1,040,000 (making £1,540,000 in all, of which, however, only £1,193,800 has been spent) for the supply of rifles, maxim guns, ammunition, ordnance stores, hospital equipment, additional mule transport, and additions to our reserve of horses. For next year we have provided £961,312 for the re-armament of our artillery with quick-firing guns of the newest and most efficient pattern: we shall regrant the unspent balance of £333,300 which has lapsed from the allotment for 1904-1905; and we make a further grant of £1,145,288 to carry out those portions of the main scheme to which priority has been allotted. The most important of these are the provision of lines and land for native troops, the increase of our reserves of artillery and small arms ammunition, the provision of additional mule corps and cadres, the supply of transport carts and ammunition wagons, and additional ordnance field parks. The total grants for Reorganization in 1905-1906 thus amount to £2,439,900.

32. For the next few years, we intend to allot a sum of £2,000,000 per annum for the prosecution of the scheme, which we hope to carry to completion within the period accepted by the military advisers of Government. If circumstances should indicate the expediency of accelerating the pace, we shall not shrink from whatever measures may be necessary to that end. When the scheme has been fully carried through, it will involve a considerable permanent addition to our expenditure in the form of recurring charges. I do not propose at the present time to put forward an estimate of what this will amount to, but there is no reason to apprehend that it will be beyond our power to meet.

Railway Construction and Earnings.

33. The following statement shows the capital expenditure on Railways during the last five years, and the Budget Estimate for 1905-1906, whether incurred by the State or by Guaranteed or Assisted Railway Companies :—

	1900-1901.	1901-1902.	1902-1903.	1903-1904.	1904-1905. (Revised.)	1905-1906. (Budget.)
	£	£	£	£	£	£
Open lines, including rolling stock	3,521,489	2,350,510	3,211,634	3,725,134	3,492,600	3,720,067
Lines under Construction—						
(A) Started in previous year	1,674,013	3,393,756	3,016,666	2,091,200	3,431,334	4,265,600
(B) Started in current year	122,266	170,933	476,764	564,134	554,000	347,667
TOTAL	5,317,768	5,915,199	6,705,064	6,380,468	7,477,934	8,333,334

34. On the 31st March 1904, the total length of open lines was 27,138 miles, classified as follows :—

5' 6" gauge	.	.	.	.	.	.	.	14,523
Metre "	.	.	.	.	.	.	.	11,513
Special gauges	.	.	.	.	.	.	.	1,102
TOTAL	.	.	.	.	.	.	.	27,138

We have added to this during the current year—

5' 6" gauge	.	.	.	.	.	.	.	.	226
Metre "	.	.	.	.	.	.	.	.	188
Special gauges	.	.	.	.	.	.	.	.	210
TOTAL									<u>624</u>

During the ensuing year, we hope to increase this length by 1,138 miles more.

35. As regards open lines, we expect to complete the doubling of the Great Indian Peninsula Railway from Khandwa to Itarsi, and we shall undertake the doubling of the North Western Railway from Rohri to Samasata, a length of 208 miles. This work is very necessary in the interests of the port of Karachi. As regards other lines, we hope to finish the Quetta-Nushki Railway and nearly or quite to finish the Gaya-Barakur branch of the East Indian Railway. We shall commence work on the Katihar-Godagiri metre-gauge line and the southern section of the Nagda-Muttra line, while progress will also be made with the Golakganj-Gauhati line in Assam, the Azhikhal-Mangalore line in Madras, the Southern Section of the Jech-Doab line in the Punjab, and two important branch lines in Burma, besides several minor extensions of the Tirhoot Railway. The expenditure which we have recently incurred and which we contemplate for next year is undoubtedly on a liberal scale; but if the projects to be undertaken are as judiciously selected as has been done in the past, the figures which I am about to present afford ample justification.

36. For a long series of years, the Railways of India imposed a net burden on the revenues of the country, *i.e.*, the net earnings fell short of the annual expenditure on account of interest on debt and other charges debitable to the Railway account. Even when the burden was heaviest, it was far outweighed by the collateral benefits which the country derived in a hundred ways from the existence of the Railways. But the burden itself has at last slipped from our shoulders. For six years past, the Railway revenue account has shown, not a deficit, but a surplus. The following figures show the net profit in cash which has accrued to Indian revenues in those years, after deduction of every item which can possibly be charged against the account, including working expenses, interest on capital, the surplus profits payable to the Companies, the annuity charges for purchase of the old guaranteed lines, and all miscellaneous Railway expenditure whatsoever:—

	£
1899-1900	76,756
1900-1901	325,124
1901-1902	846,616
1902-1903	228,949
1903-1904	860,669
1904-1905 (Revised Estimate)	2,254,500

37. The true commercial results are still more favourable, for in the figures summarized above, there are included (1) the charges on account of lines not yet open for traffic, which are necessarily earning nothing at present; (2) the charges on account of strategic and military lines, and lines constructed solely as a protection against famine, which cannot be expected to yield a direct return; (3) the annuity payments by which we are liquidating out of revenue the capital cost of the East Indian, the Great Indian Peninsula, the Eastern Bengal, and the North-Western Railways; and (4) payments under the old guarantee to the Madras, and Bombay, Baroda and Central India Railways at a rate of exchange which has long since become obsolete.

38. The capital at charge at the end of the present year is estimated at £242,547,677. The net receipts during 1904-1905 are estimated at £12,923,500, which represents a return on the capital of 5.33 per cent. If we have regard to open lines only, the capital at charge would amount to £237,495,798 and the yield to 5.44 per cent. Other countries may show a far greater mileage in proportion to area and population, but there are few whose railway balance sheet presents a healthier appearance. And while we congratulate ourselves on the flourishing state of our property, let us not forget the debt of gratitude that India owes to the statesmen from Lord Dalhousie onwards, by whose foresight, confidence, and steadfast perseverance that property has been created. With the constitution of the Railway Board, a new era of Railway development has been inaugurated, and we may look forward during the next generation to a still more vigorous policy than heretofore.

Irrigation.

39. The following are the most important figures of Expenditure and Receipts in connection with irrigation :—

		1901-1902.	1902-1903.	1903-1904.	1904-1905, Revised.	1905-1906, Budget.
		£	£	£	£	£
PRODUCTIVE WORKS.	Capital Outlay to end of year	22,505,313	23,137,270	23,718,032	24,125,899	24,995,232
	Direct Receipts	1,506,879	1,760,295	1,857,460	1,923,800	1,907,100
	Land Revenue due to Irriga- tion	804,842	805,713	828,371	850,800	906,200
	TOTAL	2,311,721	2,566,008	2,685,831	2,774,600	2,813,300
	Working Expenses	681,438	732,819	789,225	848,000	833,600
	Interest	886,889	910,285	933,105	950,800	974,600
	TOTAL	1,568,327	1,643,104	1,722,330	1,798,800	1,808,300
NET PROFIT		743,394	922,904	963,501	975,800	1,005,000
PROTECTIVE WORKS.	Outlay on Construction to end of year	1,453,122	1,500,174	1,572,594	1,714,294	2,039,961
	Direct Receipts	52,699	55,973	62,570	59,700	65,200
	Land Revenue due to Irriga- tion	8,555	8,680	8,768	9,500	9,700
	TOTAL	61,254	64,653	71,338	69,200	74,900
	Working Expenses	20,482	21,791	21,526	25,400	20,500
	Interest	57,234	58,820	61,129	65,100	73,700
	TOTAL	77,716	80,611	82,655	90,500	94,200
NET LOSS		16,462	15,958	11,317	21,300	19,300
MINOR WORKS AND NAVIGATION.	Direct Receipts	164,598	138,329	154,594	187,400	167,100
	Expenditure	718,658	851,529	875,021	922,000	991,000
	NET LOSS	554,060	713,200	720,427	734,600	823,900

40. Our canals classed as productive works (which alone are constructed out of capital) are a still more profitable investment than our railways. To the end of 1903-1904 we had expended 35.58 lakhs of rupees on these works, and had constructed 8,790 miles of main and branch canals, and 26,236 miles of distributaries. These commanded and protected 29 million acres of culturable land, and actually irrigated more than $12\frac{1}{2}$ millions of acres in that year. The direct net return to Government in 1903-1904 amounted to 7.99 per cent on the capital outlay, and the net profit to the State after payment of all charges, including interest on the capital was 1,44½ lakhs of rupees. For the current year also, the return is estimated at 7.99 per cent, and the net profit is expected to amount to 1,46½ lakhs of rupees.

41. These results are largely due to the remarkable returns obtained from the Chenab Canal. This great work to date has cost 2,80 lakhs of rupees. It commands more than 3 million acres of culturable land, of which nearly 2 millions were actually

irrigated last year. It yields a net return to the State of over 65 lakhs a year, equal to 23 per cent on the capital outlay, and the revenue is still developing. It has enabled us to give out 1,805,000 acres of Crown waste land to settlers for colonization. Before the opening of the canal, this area yielded a revenue of only a few thousand rupees on account of grazing rights. The same land now pays a land revenue of approximately 10 lakhs of rupees, in addition to that which is credited to the canal. The area had, at the census of 1901, a population of 800,000 souls, and it is estimated that by next year this will have grown to 1,200,000.

42. The value of the crops raised by irrigation from the canal is estimated at $5\frac{1}{2}$ crores of rupees per annum, almost the whole of which is the direct creation of the canal. To carry off the surplus produce a railway has been constructed from Wazirabad to Khanewal on the North Western Railway at a cost of 68 lakhs of rupees. In 1904 this line yielded a direct return of 22·7 per cent on its capital cost. It carried away, among other things, 357,000 tons of wheat, and over 100,000 tons of other food-grains, oil-seeds, and cotton, the total railway freight on which to its destination exceeded 68 lakhs of rupees. The aggregate value of the exports from the port of Karachi of goods carried from this railway in 1904 is estimated at 4·15 lakhs of rupees, which considerably exceeds the whole capital cost of the canal and the railway taken together. Most of this is entirely new trade, due to the opening up of the Rechna Doab by the canal.

43. Though the Chenab Canal comes easily first, it does not stand alone. The Jhelum Canal has been constructed to render similar services to the Jech Doab. It was opened in the end of 1901, and is in too early a stage to yield good direct returns at present. But it has been designed to command and protect 1,100,000 acres of culturable land, and last year it actually irrigated 305,000 acres. This will, it is believed, ultimately increase to over 760,000 acres, and the work is estimated eventually to yield a direct return of over 15 per cent on a capital cost of 1,87½ lakhs of rupees. Ninety-three thousand acres of Crown waste have already been given out for colonization, and nearly 400,000 acres still remain.

44. Three more projects of similar character have recently been sanctioned by the Secretary of State at an aggregate cost of 7·82 lakhs of rupees. These are the Upper Jhelum, the Upper Chenab and the Lower Bari Doab Canals. The three works together are estimated to command $4\frac{1}{2}$ million acres of culturable area and to irrigate 1,875,000 acres: and when they are fully developed it is expected that they will yield a direct return of nearly 10 per cent on their capital cost.

45. While returns such as these may be hoped for, there is no excuse for stinting the provision of funds. The difficulty lies rather in finding the army of labour which is required to carry out works of such magnitude. For next year, we have fixed the grant for capital expenditure at 1·25 lakhs of rupees, and we hope hereafter to raise this to 1·50 lakhs per annum and to maintain this rate of progress until we shall have exhausted the programme drawn up by the Irrigation Commission, which contemplates an aggregate expenditure of 44 crores in all.

46. The works classed as Protective and as minor works, of necessity show very different financial results, but, as already explained, these are not constructed from loan funds, and their protective value is, broadly speaking, not less great than that of the more directly profitable works referred to above. If all three classes of canals be taken together, *viz.*, productive, protective, and minor works, it will be found that in the 20 years from 1883-1884 to 1903-1904, we have increased the number of miles of open canal including distributaries from 26,128 to 48,567 and the area actually irrigated from $11\frac{1}{8}$ millions to $21\frac{1}{8}$ millions of acres.

Ways and Means.

47. As stated in paragraph 14, our revenue account closes with a surplus of £903,800 which is carried forward to the second part of the statement dealing with Capital and Debt transactions, including Deposits, Remittances and Advances. Our total estimate of Capital Expenditure not chargeable to Revenue, on Railways and Irrigation Major Works is £9,783,700, of which £833,400 is for Irrigation, £6,862,000 for State Railways, £1,588,300 for expenditure by Railway Companies, and £500,000 for the purchase of the Bengal Central Railway. The purchase of the Bombay, Baroda and Central India Railway will also be effected towards the close of the year, but this transaction will not affect our ways and means. In addition to the above, we have to find £393,300 for the discharge of permanent debt (chiefly Railway debentures) and we

propose to discharge the remainder (£500,000) of the India Bills now outstanding, thus extinguishing the whole of our temporary debt. We have also to make a net payment of £985,200 under Deposits and Remittances, and of £213,700 on account of loans to local bodies, takavi advances to cultivators, etc. Our aggregate capital requirements thus amount to £11,875,900.

To meet this outlay we have (1) the revenue surplus of £903,800, (2) the net receipts of the Post Office Savings Banks which are estimated at £846,500, and (3) a sum of £2,520,800 to be raised by Railway Companies. These various resources amount to £4,271,100, leaving £7,604,800 still to be provided. We propose to meet this by borrowing £4,666,700, of which £2,000,000 will be raised in England, and 4 crores of rupees or £2,666,700 in India. The remainder will be obtained from our cash balances. These are expected to stand on the 31st March 1906 at £12,160,052 in India, and at £5,573,482 in England.

The announcement regarding the amounts to be borrowed in England and India is made subject to the usual reservation, and the Government of India retain full discretion to vary the programme, as now declared, to any extent that may be considered desirable.

The present intention of the Secretary of State is to draw bills on India to the amount of £16,500,000, in addition to £1,333,000 on account of a part of the Currency Reserve which will be remitted to England for investment in sterling securities; but this also is subject to a similar reservation.

Provincial Settlements.

48. In paragraph 39 of the last Financial Statement, Sir Edward Law explained the principles of the reform which was then being introduced into the conditions of the Provincial settlements with the Local Governments. During the past year, we have concluded settlements of a *quasi*-permanent character with two more Provinces, *viz.*, the Punjab and Bombay. The principles followed are generally similar to those adopted in the settlements with the four Provinces dealt with last year, but the opportunity has been taken to extend the interest of the Local Governments to the important head of Irrigation, which has hitherto been almost wholly Imperial. In view of the very large and remunerative projects of irrigation which have been and are being carried out in the Punjab, it is of special importance that the Local Government should have a direct financial interest in their efficient management; and to a less extent this also applies in Bombay.

49. In these two provinces, the settlement of 1897 has been a failure, mainly in consequence of the effects of famine and plague from which both of them have suffered so severely: and for the last few years their finances have been in constant deficit, necessitating large annual grants from Imperial revenues to preserve nominal equilibrium. To put an end to this state of things it has been necessary to assign to the Local Governments a considerably larger share of the revenues of their respective Provinces than they received in 1897. Their assignments have therefore been increased by ₹36,92,000 per annum in the case of Bombay, and by ₹16,51,000 per annum in the case of the Punjab. Moreover, the Provincial shares of the heads of revenue and expenditure divided between Imperial and Provincial have been so adjusted that the average Provincial annual increment of revenue will be raised from ₹6,30,000 to ₹8,55,000 in the former Province, and from ₹3,03,000 to ₹6,78,000 in the latter. Initial grants of 50 lakhs in each case, including special grants for plague charges, have also been allotted, to start the Provinces with a liberal sum in hand at the outset of the new settlements. The terms have been framed with the concurrence and approval of the two Governments concerned.

50. The only provinces which now remain outside the new system are the Central Provinces and Burma. A settlement for the former will be framed during the ensuing year. In the case of Burma, the existing settlement has still two years to run.

Comparison of Estimates with Actuals.

51. It is sometimes made a reproach against the Government of India, that their estimates of Revenue and Expenditure are wanting in accuracy, and that the actual results, when made up at the end of the year, are apt to differ somewhat widely from those forecasted in the Budget at its beginning. Latterly, this charge has taken the form of a

suggestion that we habitually underestimate our revenue and overestimate our expenditure, with the result that the surplus on the year's transactions is constantly in large excess over that shown in the budget.

52. To examine how far this charge is justified, I have had a statement prepared showing the actual revenue and expenditure of India for each year since 1893-1894, compared with the figures of the budget, and the percentage of variation from the latter. In this statement the figures for the Railway Revenue Account, and for the head "Mint," have been taken *net, i.e.*, in the former case the working expenses of our Railways have been shown by deduction from the gross earnings, and in the latter the payments to the Gold Reserve Fund have been deducted from the profits on coinage. Both of these adjustments are clearly right.

Revenue and Expenditure of the Government of India, in thousands of pounds.

YEAR.	REVENUE.			EXPENDITURE.		
	Budget.	Actuals.	Percentage of variation from Budget.	Budget.	Actuals.	Percentage of variation from Budget.
	£	£		£	£	
1893-1894 . .	45,921	46,245	+ '70	46,985	47,276	+ '62
1894-1895 . .	46,974	48,769	+ 3'82	47,175	48,307	+ 2'39
1895-1896 . .	49,970	50,730	+ 1'52	49,939	49,707	- '46
1896-1897 . .	49,977	47,897	- 4'16	49,668	49,034	- 1'27
1897-1898 . .	48,584	49,315	+ 1'50	50,227	52,888	+ 5'30
1898-1899 . .	50,227	51,739	+ 3'01	49,633	49,098	- 1'08
1899-1900 . .	51,748	52,070	+ '62	49,126	49,296	+ '35
1900-1901 . .	52,487	54,151	+ 3'17	52,326	52,481	+ '30
1901-1902 . .	53,531	56,462	+ 5'48	52,840	51,511	- 2'51
1902-1903 . .	54,604	57,106	+ 4'58	53,767	54,036	+ '50
1903-1904 . .	55,659	60,273	+ 8'28	54,711	57,277	+ 4'69
Average Variation .	...	...	3'35	...	...	1'77

Note.—The net revenue under the heads "Mint" and "Railway Revenue Account" has been taken on the Revenue side of the statement.

53. I now give a statement which compares the average results obtained in India with the similar figures for the United Kingdom, France, Spain, Italy, and Egypt. In the case of the United Kingdom the period embraced is the same as that given in the foregoing paragraph for India: the figures are taken from the statements of Revenue and Expenditure laid before the House of Commons by the Chancellor of the Exchequer, and the comparison is made with the Exchequer receipts and issues. In the case of the other countries specified, the figures are taken from the Statesman's Year Book, and they cover different periods, as full comparative information for the whole term is not available.

Average percentage of variation of the actual figures from the Budget in various countries.

	Revenue.	Expenditure.
India	3'35	1'77
United Kingdom	2'54	5'54
France	3'17	2'18
Spain	4'06	3'80
Italy	3'11	2'59
Egypt	12'19	1'38

In all cases, war charges are included. If, in the case of the United Kingdom, we exclude the years of the Boer War, 1899-1900 and 1900-1901, the average variation of actual expenditure from the budget figure is 2 per cent instead of 5'54 per cent. The lower figure may be taken for purposes of comparison.

These figures do not lend very much support to the charge of faulty estimating. They show that we estimate our expenditure more closely than England, France, Spain,

or Italy; that our estimates of revenue are somewhat less accurate than those of England, France, or Italy, but that the difference is not very marked. They are better than those of Spain, and much better than those of Egypt.

54. It should be borne in mind that there are in India three great factors of uncertainty incident to our estimates from which most other countries are free. The first of these is Opium. Two years ago, the average price realized from the sales of Bengal opium was Rs. 1,144 per chest. In the following year it jumped up to Rs. 1,462, making a difference of over a million sterling in our receipts from this source. During the current year, it has averaged Rs. 1,587 per chest. These fluctuations arise from causes which are often obscure, always beyond our control, and invariably impossible to predict with any approach to confidence twelve months in advance. The second element of uncertainty arises from the inclusion of railway earnings in our accounts. The magnitude of these is perhaps not always fully realized. For the current year the net earnings of State Railways are estimated at 1,765 lakhs of rupees or £11,768,400. The gross receipts represent more than one-third of the whole revenue of India, apart from railways, and are manifestly liable to all the vicissitudes attendant on the working of a gigantic commercial undertaking. In 1902-1903, the net railway earnings actually fell off by 71 lakhs of rupees, as compared with the previous year, notwithstanding that there was an increase in the mileage open for traffic. In the current year there has been an enormous and unprecedented increase of 235½ lakhs over the high receipts of 1903-1904. Lastly, it must be remembered that both our Revenue and Expenditure are dependent in a degree unknown elsewhere on the success or failure of the rains. So long as these conditions prevail the most careful budgets that we can frame will be liable to be vitiated by causes beyond our power to control or even foresee.

55. I would not, however, be understood to contend that the criticisms to which I have referred are wholly without justification. That would be an over-statement of the case. Even when allowance is made for the disturbing elements to which allusion has been made above, the figures in the statement in paragraph 52 show that during the last three years the revenue has exceeded the estimate by more than these causes fairly explain. This feature probably has its origin in the former uncertainty of sterling exchange. So long as all growth of revenue and the fruits of all retrenchment were liable to be swallowed up by a fall in exchange, it was common prudence to frame the estimates in the most cautious manner, and to take no credit for developments of revenue until they were absolutely assured. When this factor was eliminated, the traditions of excessive caution remained, and due allowance was not always made in the estimates for the normal expansion of the growing heads of revenue. For the ensuing year, we have endeavoured to take these considerations fully into account, and to assign to each head of revenue and expenditure the figure to which, according to the best calculations we can make, it is likely actually to amount. Whether our anticipations prove correct or not, we have at least done our utmost to eliminate all avoidable sources of error.

One consequence of this change of method is that it becomes incumbent upon us to provide for a larger margin of revenue in excess of expenditure than would otherwise have been necessary. If opium fails us, or railway earnings shrink, or if unforeseen charges have to be met, we cannot expect that the deficiency will be made good by the elasticity of other heads of revenue.

Currency and Coinage.

56. The demand for rupees for trade purposes, which was so prominent a feature of the financial history of 1903-1904, continued during the year now ending, though the course of the demand differed somewhat from that of the previous year. We have accordingly had to purchase £4,500,000 worth of silver and the greater part of this has been coined into rupees during the year or held in the ingot reserve to which reference is made hereafter.

57. It may be of interest to take stock of the net additions made to the rupee coinage since the closing of the mints in 1893. From 1894-1895 down to 1898-1899 there was no new coinage, except on account of Native States. On the other hand, during these five years, 1.94 lakhs of old and worn out rupees, chiefly of the 1835 issue, were withdrawn from circulation. In the winter of 1899-1900 this state of things came to an end. The trade demand was active, the strain on our resources became acute, and on the 28th February 1900 the stock of rupees in the Currency reserve had fallen to the dangerously low figure of 4.93 lakhs. It became apparent that the circulation, supplemented though it had been from hoards and from the Currency reserve, was no longer

adequate to meet the demands of trade, and that steps must be taken to make good the annual consumption by direct replenishment. Government accordingly began to purchase silver for new coinage, and this process has continued, as circumstances required, down to the present time. The actual addition to the coinage in each year, since 1899-1900 to date, exclusive of the recoinage of withdrawn rupees and of the small amount required for Native States, has been as follows :—

	Lakhs.
1899-1900	52
1900-1901	13,27
1901-1902	3,11
1902-1903	14
1903-1904	10,65
1904-1905 (Estimate)	7,43

58. During the same period, the sales of Council Bills and Telegraphic Transfers by the Secretary of State have averaged 29,34 lakhs per annum as compared with an average of 26,15 lakhs in the previous five years. The net imports of gold on private account have aggregated 86,22 lakhs, or an average of 14,37 lakhs per annum. The whole of this latter sum does not, of course, represent a demand on our stock of rupees, as a considerable quantity of gold passes into circulation or is otherwise absorbed. But the net amount of gold presented at our Mints and Currency offices during the period in question has averaged 6,50 lakhs per annum, and this added to the average annual increment in the Secretary of State's drawings gives a total exceeding 9½ crores of rupees, and affords some idea, though an imperfect one, of the demand that may fall on our resources.

59. The drain, however, is not distributed evenly throughout the year. Experience shows that large demands may be presented with little or no warning. This contingency has led us during the past year to adopt a plan to which our attention had been called by Colonel Scott, lately Master of the Calcutta Mint. The nature of this plan is as follows: Silver cannot be procured in India, in any considerable quantity, and when new coinage has to be undertaken, it is necessary to purchase and import it from abroad. This occupies three weeks or a month at the very least. Moreover, when it arrives in Bombay or Calcutta, the mechanical process of coinage occupies about 11 days before the first batch of new rupees can be passed into the Treasury. It follows, therefore, that from the date when Government decides to buy silver for coinage, down to the date when the new rupees coined therefrom become actually effective for meeting the trade demand, there is an interval of not less than five weeks, which may easily be exceeded. This is a condition which might in certain eventualities become one of danger. We have therefore arranged, with the approval of the Secretary of State, to maintain a reserve of silver bullion in this country sufficient to keep the mints occupied for about a month, *i.e.*, until the first shipments of newly purchased silver can arrive. We shall also pass this bullion through several of the preliminary stages of the process of minting, such as melting, alligating, assaying and casting into ingots of the dimensions and fineness used for rupee coinage. In this way we expect that it will be in our power to begin to pass new rupees into the Treasury within not more than five days from the date on which the order to coin is given, and to be able to maintain a continuous supply until the new shipments arrive from Europe. The total amount at which this special ingot reserve—so called from the shape in which the bullion is kept—has been fixed for the present is a stock of standard silver sufficient to coin 3 crores of rupees. The reserve was gradually formed during last autumn, and reached its full limit in the second-half of November. The intention is that it shall never be used for ordinary coinage, but only in an emergency to meet sudden demands, and whenever it is drawn upon, it will be restored to its authorized figure at the earliest possible date. During the year now expiring, it was temporarily drawn upon in December and January to the extent of 1,50 lakhs, in order to make up the rupee portion of the Currency reserve to one-third of the gross note circulation, but it was restored to 3 crores by the 22nd of January 1905. It may be anticipated that drafts will be made upon it during the cold weather months which are frequently a time of comparative pressure, but not, we hope, during the rest of the year. The silver thus held is treated as a part of the Paper Currency reserve, and is shown separately in the weekly accounts which are published in the *Gazette of India*. Credit is there taken for it at its bullion value, *i.e.*, at the sum which we have actually paid for it in sterling, and not at the token value which it will eventually acquire after being coined and issued. Thus, in the return for the first week of the current month, the value of

the silver held in the ingot reserve was shown at 1,87½ lakhs of rupees. This represents the price actually paid for 3,00 lakhs of tolas of standard silver, and the latter was the quantity held on that date.

60. It is desirable that the existence of this special reserve should be known as widely as possible among the banking and commercial public, in order to strengthen their confidence in the power of Government at all times to meet the demands of trade. Had it been in existence in December 1903, I do not think that we should have heard anything of the apprehensions which were then expressed in some quarters of a possible failure of the supply of rupees.

61. I have heard this scheme criticized on the ground that it would be better to go a step further and coin the bullion into rupees at once, and that it is wasteful not to secure the profit on the additional coinage thus called into being. I do not share these views. If it is the intention, not to merge the reserve into our ordinary stocks, but to retain it for use only in an emergency, it is better to keep it in a form which automatically renders it impossible to do the former. If we coined the bullion, we should have to ask bankers and merchants to accept our assurance that we were maintaining a stock of rupees greater by three crores than we should otherwise do. I think they would regard this as a poor substitute for a visible additional reserve. The loss of interest on the difference between the bullion and the token value of the reserve is not too high a price to pay for the greater confidence which we hope thus to inspire.

Exchange.

62. There is, happily, little new to say on the subject of sterling exchange. The rate was maintained at an average throughout the year to date of 16'045 and the variations have been insignificant. This is the seventh year in succession in which practical stability has been secured, the average rate obtained by the Secretary of State for sales of Council Bills in each year since 1898-1899 having been as follows :—

	s.	d.
1898-1899	1	3'978
1899-1900	1	4'068
1900-1901	1	3'973
1901-1902	1	3'987
1902-1903	1	4'002
1903-1904	1	4'049
1904-1905 (to 11th March)	1	4'045

63. In the long run, the maintenance of a stable exchange depends on the continuance of a favourable balance of trade, and in my judgment the most tireless vigilance should be exercised to ensure that the balance we now possess shall not be trenched upon nor imperilled. But as regards fluctuations due to temporary causes, our most effective guarantee lies in the creation and maintenance of a reserve of gold and gold securities. The Gold Reserve Fund is the creation of the last five years, and the following figures illustrate its rapid growth and the magnitude of its present amount. I add figures showing the gold held in the Currency Reserve on the last day of each year during the same period—

Year.	Amount of the Gold Reserve Fund at the end of the year.	Gold in Currency Reserve.
	£	£
1900-1901	3,031,000	5,778,000
1901-1902	3,454,000	7,023,000
1902-1903	3,811,000	9,859,000
1903-1904	6,544,000	10,789,000
1904-1905 (estimated)	8,478,000	10,984,000

64. The Gold Reserve Fund is invested in gilt-edged sterling securities which yield from 2½ per cent to 3 per cent on their face value, and the interest now exceeds £200,000 per annum. This is regularly invested in its turn and goes to swell the corpus of the Fund. The opinion has been expressed in some quarters that it would be more prudent to hold a portion of the Fund in gold rather than in securities, and this view found expression at the recent conference of the Indian Chambers of Commerce. In present circumstances, however, I do not think that the suggestion possesses more than an academic interest. A time may come when it will no longer be expedient to increase further our holding of sterling securities. But it has not come

yet; and when it does, it is by no means certain that our greatest advantage will be found to lie in holding the money idle and uninvested. If a drain of gold should set in, its first encroachments will take effect upon the gold in the currency reserve. Now, so far is this from being the case at present that the currency reserve is actually filled with gold to saturation point. In present conditions it can hold no more gold than it does now, consistently with the discharge of its primary function of preserving the convertibility of the note circulation into the current coin of the country. So long as this state of things prevails, the idea of forming a second stock of uninvested gold is not a question of practical politics. Our true policy is to put out our reserve at compound interest, and build it up as rapidly and as largely as we can.

Rupee Debt.

65. Last summer we raised a rupee loan of 3 crores, which was taken up at an average of $\text{Rs } 97 \frac{9}{16}$, in the circumstances a fairly satisfactory rate.

66. The rupee debt of India now amounts to 1,22,30 lakhs, of which 1,05,79 lakhs are held in this country, and 16,51 lakhs in London. The following table shows the amount of rupee paper held in London on the last day of each year since 1892, in which year it reached its maximum, and the net amount transferred to or from India.

Year.	[In lakhs of rupees.]		
	Amount of Rupee paper held in London.	Amount trans- ferred to India (net).	Amount trans- ferred to London (net).
31st March 1892	27,50	...	77
1893	25,93	1,57	...
1894	24,16	1,77	...
1895	23,62	54	...
1896	25,35	...	1,73
1897	24,07	1,28	...
1898	21,51	2,56	...
1899	21,44	7	...
1900	20,82	62	...
1901	22,18	...	136
1902	20,36	1,82	...
1903	18,63	1,73	...
1904	17,14	1,49	...
28th February 1905	16,51	63	...

67. It will be seen that during the last 13 years, India has bought back more than 10 crores of its own securities which were formerly held abroad. While the mints were open to free coinage, and exchange was liable to large and violent fluctuations, rupee paper was in considerable demand in London for purposes of speculation. With the establishment of a stable exchange this attraction has disappeared. But it has never been popular with *bonâ fide* investors in England, for a variety of reasons, of which one is that it is commonly quoted in sterling at its rate per piece of $\text{Rs } 1,000$. For instance, on the 25th January last, the price of enfaced $3\frac{1}{2}$ per cent rupee paper was quoted at $\text{£}65\frac{1}{16}$, and the small investor naturally imagined that the security was at a discount of over 34 per cent. Attempts have been made to induce the London Stock Exchange to give quotations for pieces of $\text{Rs } 1,500$, which is now the true equivalent of $\text{£}100$, but without success. Transfers to London are now mostly induced by the price of the paper, as in 1900-1901, or by the cheapness of money at home, which led to the set-back in 1895-1896, and the comparative set-back during the current year.

The gradual re-transfer of rupee paper to India is by no means a matter for regret. If we wish to increase our calls on the London market, it is more advantageous to us to do so through the medium of India 3 per cent sterling stock, than through that of $3\frac{1}{2}$ per cent rupee paper. In present circumstances, the additional $\frac{1}{2}$ per cent which the latter security carries is far too much to pay as an insurance against the chance of a fall in exchange. Whatever the true value of the latter risk may be at any moment, it is tolerably certain that the investing public will estimate it at something more, and make us pay in proportion.

Circulation of Currency Notes.

68. I append the usual statements illustrating the note circulation, and the Government balances with the Presidency Banks. The former shows separately (1) the gross circulation, and (2) the circulation, excluding the notes held by the Reserve Treasuries, and by the Presidency Banks at their head offices.

Circulation of Currency Notes.

[In lakhs of rupees.

	1901-1902.	1902-1903.	1903-1904.	1904-1905. (11 months).
STATEMENT I.				
Average	30,03	33,74	36,41	39,20
Maximum	31,86	35,72	38,21	42,52
Minimum	27,68	31,25	33,94	36,11
STATEMENT II.				
Average	23,16	25,74	28,70	30,65
Maximum	24,40	27,35	30,30	31,82
Minimum	22,39	23,93	27,44	29,63

Government Balances with the Presidency Banks.

[In thousands of rupees.]

	1900.	1901.	1902.	1903.	1904.	1905.
January	2,48,75	2,64,54	2,85,89	3,07,63	2,69,52	2,92,99
February	2,56,23	2,86,73	2,97,16	3,32,02	2,91,84	3,00,50
March	2,79,18	3,15,79	3,11,24	3,36,91	3,26,74	...
December	2,48,90	2,82,02	3,05,84	2,79,07	3,01,32	...

The note circulation has continued to expand in a satisfactory manner, thus affording further justification for the decision to increase the currency investment by 2 crores, to which effect has this day been given by legislation.

69. It was hoped that by this time two other measures would have been added to the Statute Book, viz., one to revise and re-enact the Indian Coinage Act of 1870, and the other to effect certain reforms in the law relating to the Presidency Banks. The former was, however, delayed in consequence of the necessity for consulting public opinion on the most important innovations which it embodied, viz., the introduction of a nickel coin, and the substitution of bronze for copper in the subsidiary coinage. These measures have received general support, and have been approved by the Secretary of State; the Bill is now ready for introduction, and will be proceeded with shortly in the usual way. The Presidency Banks Bill has been delayed for other reasons, and it is not possible to make any announcement regarding it.

Universal five-rupee note.

70. By an Act passed in March 1903, five-rupee notes of any circle other than Burma were made legal tender throughout India (except in Burma) and encashable accordingly. There was considerable delay in obtaining the new note forms from England, and these did not reach this country till the summer of 1904. It does not seem to have been realised that in the meantime the new privileges attached to out-standing notes of the old pattern, and the issues of 1903-1904 show little change from those of previous years. Immediately on the issue of the new pattern, however, a rapid expansion of the circulation took place, as the following figures will show:—

Year.	NUMBER OF PIECES ISSUED. MONTHLY AVERAGE.	
	Gross.	Net.
1901-1902	1,19,397	9,655
1902-1903	1,31,059	7,029
1903-1904	1,50,402	9,425
1904-1905 (9 months)	2,30,212	32,558

These figures include all circles except Burma. The largest expansion took place in Bombay where five-rupee notes are always in greater demand than elsewhere.

71. The extent to which these notes are actually used for the purpose of remittance cannot be exactly determined. A record has, however, been kept of all issues from Currency offices in which parcels of 2,000 notes or more were taken avowedly for this purpose, and the following is a summary of the result :—

	R
1903-1904	3,05,000
1904-1905—	
May	1,86,000
June	4,66,000
July	6,99,000
August	3,53,000
September	40,000
October	85,000
November	45,000
December	7,32,000

So far, it cannot be said that the figures are embarrassing, but it will be necessary to watch the transactions closely and gain as much experience of them as possible before we can undertake to extend the privilege of universal encashment to any higher denominations

72. The first pattern of the new note has been found unsatisfactory, and a fresh one has recently been approved in which great improvements have been introduced. Some months must still elapse before a supply can be expected to arrive.

Light-Weight Coin.

73. A matter which has received a good deal of attention during the past year is the treatment of light-weight rupees, and it may be of interest to explain briefly the origin of the present rules on the subject, the reasons which led Government to contemplate a modification of them, and the action which, in view of the representations of the banking public, it has now been decided to take.

74. The Indian Coinage Act of 1870 provides that when a genuine rupee, more than 2 per cent light, is tendered to certain classes of officers, the latter shall cut or break it, and either return it to the tenderer or, at the option of the latter, pay for it at the rate of one rupee per tola, subject always to the proviso that the shortage of weight is due to fair wear, and not to fraudulent maltreatment. If the shortage is due to the latter cause, the coin is to be cut and returned to the tenderer, who bears the loss. In other words, the cost of maintaining the integrity of the coinage is, by law, imposed upon the last holder of the coin.

75. In this respect the Indian law followed the law of England. The policy underlying the English law has, however, often been challenged, notably by Jevons, who maintained that the cost of preserving the coinage should be borne by the State, and effect has been given to his view to a large extent in the United Kingdom by the legislation of 1889 and 1891. Before this, however, India had shown the way. By rules issued in 1881, it was directed that Government officers should receive all genuine rupees at their full face value, however short in weight they might be, provided only that the shortage was not due to fraudulent treatment. The same provision was repeated in the later rules published in 1891, and these continued in force down to 1899, when the present rules were issued.

76. Between 1891 and 1899 two events had happened which had an important bearing on the matter. The first of these was the closing of the mints in 1893 and the transformation of the rupee into a token coin, whose value as bullion was different from and materially less than its nominal value. The effect of this was that, when a light-weight rupee was cut and returned to the tenderer, the loss devolving upon him was no longer merely proportionate to the loss of weight, but also extended to the whole difference between the bullion and the token value of the coin. In these circumstances, to enforce the law strictly as it stands would have been a harsh measure, imposing very disproportionate loss on the last and possibly innocent holder of the coin. If, before this time, it was equitable for Government to protect the innocent holder against loss, it was still more necessary now.

77. The other event to which I have referred was the elaborate and skilful examination made in 1895 and 1896 by Colonel Baird, Master of the Calcutta Mint, of a very large number—exceeding 31 lakhs—of rupees, chiefly of the older issues of 1835

and 1840. Colonel Baird's investigations showed that the average legal life of a rupee—*i.e.*, the time during which it would circulate in ordinary course without losing more than 2 per cent of its weight—was slightly over 55 years: that the total amount of light-weight coin in the circulation was about 394 lakhs, or approximately 3 per cent of the whole (a rate which compares very favourably with that found to prevail in the United Kingdom): but that among the older coinages, the percentage was as high as 27·1 per cent in the issue of 1835, 19·3 per cent in the first issue of 1840, and 8·4 per cent in the second issue of 1840. On the other hand, the proportion of light-weight rupees among coinages later than 1873 was less than $\frac{1}{2}$ per cent.

78. These researches for the first time placed it in the power of Government to give some instructions to its officers as to the amount of shortage which should be held to indicate fraudulent maltreatment of the coin. Full details as to the average shortage of the rupees found light were still wanting, but there appeared good grounds for believing that in no case had a loss of 10 grains, or 5·5 per cent in weight been caused merely by fair wear. To be on the safe side, therefore, it was decided to allow a tolerance of $11\frac{1}{4}$ grains, or $6\frac{1}{4}$ per cent, and to accept at full face value all genuine coins which were within that limit. Coins whose shortage exceeded $6\frac{1}{4}$ per cent were to be received at a proportionate discount up to a limit of 25 per cent short. If the shortage exceeded 25 per cent, it was considered that the holder must have been so careless as to deserve no consideration, and he was accordingly left to bear the whole loss due to the cutting of the coin. Rules to this effect were accordingly issued in 1899, and have been in force ever since.

79. I now come to the reasons which led the Government of India to contemplate the modification of these rules. In 1896, in connection with Colonel Baird's enquiries, Government had issued orders for the withdrawal from circulation of the rupees of 1835: and in 1901 and 1902 similar orders were issued for the withdrawal of the two issues of 1840. The amount of these issues in circulation was estimated at 2 crores and 20 crores respectively, and up to the 31st March 1904, the amounts withdrawn or held in the treasury pending recoinage were 2,52 and 14,11 lakhs respectively. These two issues include all rupees bearing date prior to 1862, *i.e.*, the whole of the older coinage outstanding, in which the percentage of light-weight coin was necessarily greatest. It followed that in the remainder of the circulation, all of which is of more recent date, both the number of light-weight coins and the degree of shortage due to fair wear must be substantially less than in 1899. Moreover, the enquiries initiated by Colonel Baird had been continued and systematized; and an attempt had been made to ascertain not merely the number of light coins in each year's issue, but also the degree of shortage in each case. The result of these enquiries was to indicate that not more than one in a thousand of the coins issued prior to 1873 has lost more than 4 per cent by honest wear, and that coins of later date have not lost so much as 2 per cent from the same cause.

80. For these reasons it seemed to Government that the rules issued in 1899 were needlessly liberal and even lax, and offered a premium on the practice of "sweating." It was accordingly proposed to revise them, and to reduce the tolerance from $6\frac{1}{4}$ per cent to 4 per cent, and the maximum limit of acceptance from 25 per cent to 10 per cent, with other subsidiary modifications for intermediate degrees of shortage.

81. These proposals were received with great disfavour in banking circles, and it was represented either that they would impose heavy loss on the banks, or that the latter would be compelled to use scales for the weighment of all coin tendered to them across the counter, a course which would very seriously hamper their business. In view of these representations, the matter has been fully re-examined by Government, and the decision we have arrived at is that the rules of 1899 shall be maintained unchanged for the present, but that we shall continue our examination of the coinage, and if it should hereafter be found that the present regulations have actually led to an increase of fraudulent maltreatment of the coinage, or have failed in a serious degree to preserve its integrity, they shall be subject to appropriate revision.

82. The reasons which have led us to this conclusion are the following:—In the first place, the number of coins examined since 1899, though considerable, is not yet sufficiently large to enable us to form an absolutely incontrovertible judgment of the loss due to fair wear. Our advisers do not think it probable that further researches will lead to any material modification of the calculations worked out last year; but inasmuch as the number of light coins received by the banks in the course of their business is reported to be greater than might have been expected according

to our estimates, it is expedient that the loss should be subjected to the fullest and widest possible test. Secondly, there is no tangible evidence that sweating is on the increase. The profits of this operation must now be less, and the chances of loss considerably greater, than when the mints were open; and the number of coins which are annually cut and returned or cut and paid for is so small a proportion of the total number of light coins actually in circulation, and is so liable to fluctuate from extraneous causes, that no safe inference can be drawn therefrom at present. Thirdly, in France, where the five-franc piece is a token coin like the rupee of unlimited legal tender, it is not the practice to refuse or cut them, whatever their weight, unless they show signs of fraudulent reduction. Lastly, it is certainly impossible for an ordinary person to detect so small a shortage as 4 per cent in weight without the aid of scales. And in the circumstances of the Indian currency, a general resort to weighment is out of the question. In the United Kingdom it was estimated a few years ago that the number of sovereigns in circulation was 80 millions. In India, the number of rupees has been similarly estimated at 1,300 millions, or 16 times as many. In the former country weighment in small parcels, if not of individual coins, may be practicable: but in the latter it would involve intolerable inconvenience. It must also be borne in mind that in India cash transactions form a far more important part of the monetary business than in England. Moreover, the penalty devolving on the holder of a cut coin is far heavier in India than in England. Under the English Statute of 1891, a tolerance of 3 grains, or about $2\frac{1}{2}$ per cent in weight, is permitted. The loss on a sovereign which is just over this limit is, therefore, about 6*d.* In India, under the present rules, we pay 14 annas for a rupee which has lost just over $6\frac{1}{4}$ per cent, and the loss is therefore 2*d.* in the rupee.

83. In giving effect to the decision which is set forth above the Government will look for the co-operation of the commercial public, and in particular of the banks, in their efforts to maintain the purity of the coinage without resort to stricter rules than those now in force. If it should be found that these are not effectual, Government reserve to themselves full discretion to reopen the question: but no measures of the kind will be taken until those interested have been placed in possession of the facts and had an opportunity of expressing their opinions.

E. N. BAKER.

March 22, 1905.

PART II.
BEING A MEMORANDUM BY THE FINANCIAL SECRETARY EXAMINING THE DETAILS OF THE ACCOUNTS AND ESTIMATES.

Section I.—The Accounts of 1903-1904.

84. The Accounts of the year show a surplus of £2,996,400, being better by 1903-1904. £285,200 than the surplus of £2,711,200 anticipated in the Revised Estimates framed in March last. General Result of Accounts.

85. The variations between the figures finally entering into the Accounts and those taken in the Budget and Revised Estimates of the year are fully explained in the Appropriation Report published in the *Gazette of India* of the 11th instant.

86. The following is a general comparison of the Revised Estimates with the Accounts of the year :— 1903-1904. Statement of the gross figures.

	Revised.	Accounts.	Accounts, better.	Accounts, worse.
REVENUE.	£	£	£	£
India :	82,348,100	83,009,411	661,311	...
England :	719,700	746,744	27,044	...
TOTAL	83,067,800	83,756,155	688,355	...
EXPENDITURE.				
India—				
Imperial, Provincial, and Local	60,947,900	61,418,022	...	470,122
Adjustment of Provincial and Local Surplus or Deficit	1,201,200	1,195,259	5,941	...
NET	62,149,100	62,613,281	...	464,181
England	18,207,500	18,146,474	61,026	...
TOTAL	80,356,600	80,759,755	...	403,155
SURPLUS	2,711,200	2,996,400	285,200	...

87. Both revenue and expenditure were higher in India than the amounts taken in the Revised Estimate, the net improvement being £191,189. In the Imperial Section of the accounts, there was an improvement of £197,130, while the Provincial and Local Section was worse by £5,941. The latter amount does not affect the surplus of the year. In England there was an improvement both in Revenue and Expenditure, the total being £88,070. 1903-1904. General Remarks.

88. The more important items which contributed to the increase of £661,311 in revenue in India were Salt (£90,465), Excise (£54,596), Customs (£36,798), Forests (£43,216), Interest (£70,074), Mint (£172,517), Marine (£31,490), and Railways (£118,414); while there was a falling-off under Land Revenue (including that due to Irrigation) of £59,673, besides smaller sums under other heads. The increase under Salt was fairly distributed, but was highest in Northern India and Bombay: that under Excise occurred chiefly in Burma, Bengal, Madras, and Bombay. The increase under Customs was largest under import duty on liquors, and on cotton and other manufactures. 1903-1904. Revenue in India.

89. The improvement under Forests arises from larger outturn of timber in Bombay and Burma, while that under Interest is chiefly due to an advance payment by the Bombay Port Trust. The improvement under Mint was due to larger coinage of silver and was, as usual, counterbalanced by a corresponding increase in expenditure by reason of the transfer of the profit on coinage to the

Gold Reserve Fund. Under Marine there was an increase in pilotage receipts, and in recoveries in connection with the fitting of transports for Somaliland and the employment of Royal Indian Marine vessels on Imperial service. The larger railway earnings were contributed mainly by the East Indian, Bengal-Nagpur, North Western, Great Indian Peninsula, and the Bengal and North-Western Railways. The falling off in Land Revenue occurred chiefly in Assam, in consequence of the postponement of date of kist payments and the remission of old arrears.

1903-1904.
Expenditure in
India.

90. The excess expenditure in India, amounting to £470,122, was made up of increases under a number of heads of which the most important were £167,489 under Mint, representing payment of larger profits to the Gold Reserve Fund; £122,358 under Working Expenses of State Railways consequent upon improved earnings; £30,142 and £21,294 under Police and Marine, respectively; £38,908 under Miscellaneous, due chiefly to further remissions of famine advances in Bombay; £60,028 under Civil Works; and £50,093 under Army.

1903-1904.
Revenue and
Expenditure in
England.

91. The increase in the revenue in England was obtained chiefly from the sale of torpedo boat defence vessels to the Admiralty, a transaction which took place after the Revised Estimates had been framed. There were also increased receipts from interest on the invested cash balances, and from fines and penalties incurred by contractors in providing stores. The saving in expenditure occurred chiefly under Army and was due to the refund of £90,204 by the War Office in respect of payments made in 1902-1903 on account of British troops serving in India. This was partially counterbalanced by larger expenditure on clothing and ordnance stores, to the extent of £27,956 and £18,270, respectively.

Section II.—The Revised Estimate of 1904-1905.

1904-1905.
Statement of the
gross figures.

92. The following is a general comparison of the Budget Estimate with the Revised Estimate of 1904-1905:—

	Budget.	Revised.	Revised, better.	Revised, worse
	£	£	£	£
India	79,601,100	84,028,400	4,427,300	...
England	547,500	670,700	123,200	...
TOTAL	80,148,600	84,699,100	4,550,500	...
EXPENDITURE.				
India—				
Imperial, Provincial, and Local	61,563,300	61,766,000	...	202,700
Adjustment of Provincial and Local Surplus or Deficit	—1,316,800	—24,100	...	1,292,700
NET	60,246,500	61,741,900	...	1,495,400
England	18,983,400	19,471,700	...	488,300
TOTAL	79,229,900	81,213,600	...	1,983,700
SURPLUS	918,700	3,485,500	2,566,800	...

1904-1905.
General Remarks.
Increase of
Revenue.

93. The predominant feature of the year is the continued development of the revenue in almost all important branches outside Land Revenue, where there is a decrease owing to partial failure of the rains in Madras and Bombay and to failure of the *kharif* crop in Bundelkhand. The receipts from Salt, Stamps, Excise, Customs and Forest have all expanded beyond expectation, but by far the largest improvement has occurred under Opium and Railways. The total Opium receipts exceed the Budget Estimate by more than 163 lakhs. The price of Bengal opium was unexpectedly high throughout the year, the average price obtained at the monthly sales being R1,587 per chest against R1,250

assumed in the Budget. Railway traffic receipts have also expanded very largely, owing to bumper wheat crops in the Punjab and exceptionally good traffic on most of the important lines in cotton, grain, seeds and coal. The total increase in railway receipts is about 357 lakhs.

94. A considerable part of the additional revenue thus obtained has been devoted to meet extra expenditure required for the reorganisation of the army, more than a crore of rupees having been spent on this account during the year, in addition to £500,000 allotted for the purchase of new artillery. Provision for this last amount was made in the Budget Estimate in England as ordinary army expenditure, but the charge has now been shown under reorganisation. The cost of the Tibet expedition has also exceeded the Budget Estimate by ₹57,00,000. A crore of rupees (50 lakhs to each province) has been assigned to the Local Governments of Bombay and the Punjab to enable them to start, under favourable conditions, on the new settlements made with them. Similar grants were, it will be remembered, assigned to Madras, Bengal, the United Provinces and Assam, in connection with the settlements made with these Provinces in 1903-1904.

95. These items of special expenditure, and other special assignments to Provincial revenues, aggregate $2\frac{3}{4}$ crores of rupees and, after meeting them, the Revised Estimates show a surplus of £3,485,500 or ₹5,22,82,000, against £918,700 (₹1,37,80,000) in the Budget.

96. Comparison of the Budget and Revised Estimates is now no longer disturbed by the profits on rupee coinage. Formerly these receipts, the amount of which can obviously not be foreseen, swelled the receipt figures on one side and those of expenditure on the other, being entered under the latter head as for credit to the Gold Reserve Fund. With effect from 1904-1905, these transactions have been confined to the more appropriate head of "deposits and advances," and cease to load the accounts of current revenue and expenditure with entries which were in that connection merely nominal.

97. In England there is an improvement in the revenue of £123,200, but the expenditure has exceeded the Budget Estimate by £488,300, the net result being thus worse than the Budget by £365,100. In India, both revenue and expenditure are higher than the amounts taken in the Budget Estimate, the net improvement being £4,224,600. From this must be deducted £1,292,700 which appertains to the Provincial and Local Section, and consequently does not affect the surplus of the year. The net betterment under Imperial revenues is thus £2,931,900. This improvement in India, less the net excess expenditure of £365,100 in England, gives the net increase of £2,566,800 in the surplus of the year shown in the table above.

98. As above stated, the revenue in England exceeds the Budget Estimate by £123,200. Of this, £120,000 is obtained from the temporary investment of part of the cash balances at rates of interest higher than estimated. Under Army Receipts there is an increase of £11,600 on account of the trooping service, and of £11,900 in the value of articles in possession of regiments on their transfer from the Indian to the British establishment. On the other hand, there is a decrease of £21,500 under Marine. The Budget Estimate provided £26,000 for the sale-proceeds of torpedo boat defence vessels; but as observed in paragraph 91, the sale of these vessels was effected in the previous year.

99. The expenditure in England exceeds the Budget Estimate by £488,300. The discount on the India 3 per cent stock for £2,500,000 issued during the year involved a charge under Interest of £107,200 for which no provision was made in the Budget. On the other hand, there is a decrease of £57,200 in Interest on India Bills, due partly to £1,500,000 of Bills having been discharged and not replaced, and partly to a lower estimate of the rate of interest on replacements. The charges for Stationery and Printing, and Military Works Stores are in excess by £39,300 and £34,300, respectively. Under Miscellaneous there is an excess of £40,200, chiefly on the value of stores lost in transit to India, mainly owing to the loss of the *Den of Seaton*. Under Army, the Reorganisation expenditure amounts to £700,000, consisting of about £540,000 on account of ordnance stores, including new artillery for which £500,000 was provided in the Budget as ordinary military expenditure; £10,000 for medical

stores; and £150,000 under Supply and Transport. There is also an increase of £88,600 in the payments to the War Office, caused chiefly by the refund of £96,204 referred to in paragraph 91 having been received in 1903-1904, instead of in 1904-1905 as anticipated. Payments on account of furlough pay and allowances, and the Indian trooping service have exceeded the Budget Estimates by £55,000 and £45,200, respectively. There is also an increase of £18,000 in the Miscellaneous military expenditure. On the other hand, there are savings of £30,200 and £50,000 on the amounts provided in the Budget Estimate for the Telegraph Department and Special Defence Works, respectively. The Civil furlough and absentee allowances have also fallen short of the estimate by £35,900.

1904-1905.
Decrease in
Revenue in India.

100. The only important decrease in revenue in India is one of ₹97,92,000 under Land Revenue, including that due to Irrigation. As already mentioned, this has occurred chiefly in Madras and Bombay, owing to insufficient rainfall in certain districts, and to a smaller extent in the United Provinces by reason of the failure of the *khari* crop over large areas in Bundelkhand. The serious damage caused to the crops in the United Provinces by the recent frosts will not materially affect the revenue realisable in the current financial year. The falling off of Land Revenue in the provinces above mentioned has been partially counterbalanced by improvements in Burma and the Punjab owing to favourable agricultural conditions.

1904-1905.
Increase of
Revenue in India.

101. Under almost all other heads there is improvement, the more important items being—

	R
Opium	1,63,34,000
Salt	32,75,000
Stamps	15,88,000
Excise	37,79,000
Customs	66,62,000
Forest	19,93,000
Post Office	14,32,000
Telegraph	8,07,000
Marine	13,88,000
State Railways—Gross Receipts	3,41,10,000
Guaranteed Companies—Net Traffic Receipts	15,80,000
Irrigation, Major Works—Direct Receipts	10,27,000
Civil Works	7,56,000
Army Receipts	5,95,000

1904-1905.
Opium Revenue.

102. Of the increase of ₹1,63,34,000 in Opium revenue, ₹1,61,82,000 has occurred in Bengal and ₹1,00,000 in Bombay. The quantity of Bengal opium sold was the same as taken in the Budget Estimate, *viz.*, 48,000 chests, but the average price realised has been ₹1,587 instead of ₹1,250. In Bombay there has been a falling off in the exports of Malwa opium, and the number of chests on which duty is paid is now estimated at 19,370, against 22,920 in the Budget. The loss due to this has, however, been more than made up by the increase of the duty from ₹500 to ₹600 per chest.

1904-1905
Salt Revenue.

103. The reduction in the rate of the salt duty with effect from to-day (paragraph 126) is expected to involve a loss of revenue of ₹6,00,000 in the current year; but for the year as a whole there is an increase of ₹32,75,000 under Salt by reason of larger consumption. The increase is most marked in Bombay (₹15,00,000), and Madras (₹13,50,000).

1904-1905.
Stamp Revenue.

104. Stamp revenue has also grown in all provinces, the largest increase being in Bengal (₹6,00,000), chiefly from the sale of court-fee stamps.

1904-1905.
Excise Revenue.

105. The improvement in Excise revenue has exceeded the Budget anticipations in all provinces except Burma where, owing to the date of payment of certain instalments of vend fees having been altered from March to April, the Revised is less than the Budget Estimate by ₹3,50,000. Madras and Bombay show the largest increase (₹11,00,000 and ₹12,50,000), and are followed by Berar and the Central Provinces with ₹4,70,000 and ₹4,50,000, respectively.

106. The remarkable increase in Customs revenue has been obtained chiefly ^{1904-1905.} under the following heads, the only important decrease being in the imports of Customs Revenue liquors:—

<i>Increase in Receipts.</i>						R
Import Duty—						
Cotton manufactures	.	.	.	.	.	22,58,000
Manufactured articles	.	.	.	.	.	9,50,000
Petroleum	.	.	.	.	.	5,00,000
Sugar (ordinary duty)	.	.	.	.	.	2,50,000
Silver	.	.	.	.	.	4,25,000
Other metals and manufactures of metals	.	.	.	.	.	1,00,000
Articles of food and drink (excluding sugar)	.	.	.	.	.	2,30,000
Export Duty on rice	.	.	.	.	.	18,00,000
Excise Duty on cotton goods	.	.	.	.	.	1,50,000

Decrease in Receipts.

Liquors	.	.	.	.	.	.	1,40,000
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The increase has been contributed by all the maritime provinces with the exception of Madras, where there has been a falling-off in the exports of rice owing to the unfavourable agricultural conditions now prevailing there. By far the largest increase has been obtained from cotton goods, the import of which has been stimulated by an abundant American cotton crop, and an increase in the demand in India in consequence of the depletion of stocks in the previous year (when the price of the raw material was high) and the general prosperity of the country. The increase under manufactured articles is chiefly in silk and woollen goods; apparel, including haberdashery; glassware; and paper. There has been a large increase in the imports of kerosine oil from Sumatra and Borneo, while the imports of the Russian product have fallen off. The receipts from petroleum would have been much larger but for an increase in the consignment of Burma oil to Calcutta. The increased imports of sugar come chiefly from Austria-Hungary and Java. The large imports of silver noticed last year continue to increase: the receipts from the duty under this head have risen from ₹13,34,953 in 1900-1901 to ₹43,50,000 (Revised Estimate) in the current year. The exports of rice have exceeded those of 1902-1903 which were previously the largest on record. The last crop in Burma was exceptionally heavy, and large quantities have been imported by Japan. There has also been a considerable increase in the exports to Austria-Hungary, Ceylon and Arabia. The imports of liquors have also exceeded those of 1903-1904, but not to the extent anticipated.

107. The Forest receipts show an improvement in every province, the largest ^{1904-1905.} increase being in Burma (₹6,50,000). In this province the revenue has been Forest Revenue. growing steadily since 1901-1902, having risen from ₹58,73,938 in that year to ₹84,50,000 in the present revised estimate. The increase in the current year is attributed partly to favourable conditions for floating timber to the coast, and partly to the high market price of teak timber.

108. The growth of Post Office receipts during the year is the largest ^{1904-1905.} on record. The Budget provided for a falling-off in the receipts from mail cart Post Office Revenue. and tonga service in consequence of the opening of the Simla-Kalka Railway, and in the receipts from newspapers and foreign parcels owing to a reduction in the rates; and for a moderate increase under other heads. The actual receipts are, however, now expected to exceed the Budget Estimate by ₹14,32,000.

109. The increase under Telegraphs is mainly due to enhanced inland traffic ^{1904-1905.} consequent on the reduction in the charges for telegrams effected in January Telegraph Revenue. 1904, and to India's share of an increased foreign traffic in consequence of the Russo-Japanese war.

110. Recoveries from the Imperial Government on account of the employment ^{1904-1905.} of Royal Indian Marine vessels for Imperial purposes in connection with Somali- Marine Receipts. land, China, etc., have led to a large increase in the Marine Receipts.

1904-1905.
State Railways,
Gross and Net
Traffic Receipts
and Guaranteed
Railways (Net
Traffic Receipts).

111. In 1903-1904 there was a large improvement in the earnings of nearly all the more important railway systems, due mainly to exceptionally heavy grain traffic, notably on the North-Western Railway. In the Budget Estimate of 1904-1905 provision was made for a recovery on the backward lines, for expansion of traffic on recently opened extensions, and for increased traffic on the additional mileage to be opened during the year. Allowance was, however, made for a considerable falling-off in the earnings of the North-Western Railway, as it was not safe to anticipate that the exceptionally heavy wheat traffic of the previous year would continue. The net improvement under earnings provided for in the Budget was thus small. The wheat traffic of the North-Western Railway has, however, again proved unusually heavy, and the traffic on most of the other large systems has continued exceptionally favourable. The gross traffic receipts of State Railways have thus exceeded the Budget Estimates by ₹3,41,10,000. The working expenses are also in excess by ₹78,38,000, chiefly in consequence of charges for working the increased traffic, and increased outlay on maintenance, renewals of permanent-way, and rolling-stock, and repairs to flood damages. There is thus a net increase of ₹2,62,72,000 to which must be added an enhancement of ₹15,80,000 under the net traffic receipts of Guaranteed Companies, *viz.*, the Bombay, Baroda and Central India, and the Madras Railways. The more important increases over the Budget under State Railways are as follows :—

	INCREASE +	DECREASE —	
	Receipts. ₹	Working Expenses. ₹	Net Receipts. ₹
North Western Railway	+1,60,00,000	+25,00,000	+1,35,00,000
East Indian Railway	+58,00,000	+7,00,000	+51,00,000
Great Indian Peninsula Rail- way	+27,00,000	+5,50,000	+21,50,000
Bengal-Nagpur Railway	+18,00,000	+5,00,000	+13,00,000
Rajputana-Malwa Railway	+10,00,000	—2,00,000	+12,00,000

1904-1905.
Irrigation—Major
Works—Direct
Receipts.

112. The increase in Irrigation, Major Works, (Direct Receipts) occurs primarily in the Punjab (₹5,19,000) and is due to an extension of cultivation under the Chenab and other canal systems. The next largest increase (₹3,68,000) is in the United Provinces, by reason of a favourable *rabi* season.

1904-1905.
Civil Works
Receipts.

113. Under Civil Works, there is an increase in most of the provinces in the receipts from sale of houses, lands and produce, and tolls and ferries.

1904-1905.
Army Receipts.

114. The increase under Army receipts in India is chiefly due to larger realisations from sale of malt liquor, supplies of mules to Native States, and cultivation of grass; to greater demand for medical stores by civil institutions; to abnormal sale of unserviceable ordnance stores; and to contributions towards pensions of native soldiers lent for Imperial Service. These increases are partly counter-balanced by the credits given to His Majesty's Government on account of the value of European stores returned from China and Somaliland.

1904-1905.
Increases of
expenditure
in India.

	₹
Reduction or Avoidance of Debt	14,56,000
State Railways, Working Expenses	78,38,000
Irrigation, Major Works, Working Expenses	7,83,000
Irrigation, Minor Works, and Navigation	8,76,000
Army Services	35,69,000
„ Reorganisation	73,73,000
	<u>1,09,42,000</u>

The increase in the working expenses of State Railways has been explained in paragraph 111.

1904-1905.
Reduction of
Debt.

116. Provision was made in the Budget for the full amount of the Famine Insurance Grant of ₹1,50,00,000; but out of this ₹11,04,000, on account of the excess of interest charges over net receipts of the Bengal-Nagpur and Indian

Midland Railways, was shown against the Railway Revenue Account, and only the balance of ₹1,38,96,000 was shown against the section "Famine Relief and Insurance." It has now been decided to discontinue the practice of charging to this grant the excess of interest over net receipts on account of the two railways above mentioned, and the Revised Estimate accordingly shows the full amount of ₹1,50,00,000 against the Famine Relief and Insurance section. Of the ₹11,04,000 thus transferred, ₹1,32,000 is expected to be required in Bombay for famine relief works, but on the other hand there have been savings of ₹2,52,000 and ₹2,32,000 on the grants for the construction of Protective Railways and Irrigation Works: the net increase of ₹14,56,000 appears as an excess charge under the head "Reduction or Avoidance of Debt."

117. Of the increase of ₹7,83,000 under Irrigation, Major Works, (Working Expenses) ₹7,10,000 occurs in the Punjab, and is due partly to the construction of some urgent works which were not anticipated at the time the Budget was framed, and partly to a smaller expenditure under 49.—Irrigation, Capital Expenditure, having necessitated the debit to the former head of a larger share of establishment charges.

The increase under Minor Works and Navigation occurs chiefly in Madras and Bengal, and is due to additional works undertaken in these provinces.

118. Army expenditure is in excess of the Budget Estimate by ₹1,09,42,000, namely, ₹35,69,000 under ordinary expenditure and ₹73,73,000 on account of the scheme for the redistribution and reorganisation of the army. The Tibet Mission has cost ₹57,00,000 in excess of the Budget Estimate of ₹36,00,000. The Aden Delimitation and the Seistan Boundary Commissions have likewise cost, together, about 5½ lakhs in excess of Budget provision. There are a number of excesses under other heads also; but these have been more than counterbalanced by savings in consequence of the absence of troops in China and Somaliland and other causes. The more important increases and decreases are as follows:—

<i>Increases.</i>	<i>₹</i>
Tibet Mission	57,00,000
Aden Delimitation Commission	4,01,000
Seistan Boundary Commission	1,55,000
Excess strength of British troops in India	7,50,000
Excess charges for conveyance of troops and stores	3,34,000
Net cost of local stores returned from Somaliland and China	2,15,000
Freight, fittings, etc., of the S. S. <i>Malta</i> for conveyance of troops to England	3,39,000
Formation of the 2/6th and 2/9th Gurkha Rifles	1,40,000
Purchase and freight of mules bought from the Imperial Government in Somaliland	3,69,000
Reorganisation	73,73,000

<i>Decreases.</i>	
Savings in pay and other charges of troops absent in China	7,34,000
Ditto ditto Somaliland	7,93,000
Charges for service pay	3,75,000
Expenditure on food supplies	15,00,000
Charges for purchase of remounts	3,50,000
Charges under Army and Garrison staff, Clothing, and Ordnance	5,00,000
Lapses on special grants	10,11,000

1904-1905.
Decreases in
Expenditure in
India.

119. Under almost all the remaining major heads of importance, there are savings on the Budget Estimate. The most noticeable of these are as follows :—

	R
Land Revenue	18,97,000
Opium	4,09,000
Telegraph	7,86,000
Mint	17,75,000
Courts of Law	4,98,000
Jails	8,30,000
Education	13,66,000
Medical	7,23,000
Military Works	15,84,000
Civil Works	35,18,000
Special Defences	8,82,000

1904-1905.
Land Revenue,
Courts of Law,
Jails, Education,
and Medical
Expenditure.

120. The savings under Land Revenue, Courts of Law, Jails, Education and Medical occurred in almost all the provinces and are, as usual, due to the provision made in the Budget for salaries and other charges having proved larger than required, and to the non-utilisation of the allotments for a number of new schemes. Under *Land Revenue* the largest savings have occurred in the allotments for Survey and Settlements in Bengal, the United Provinces and Madras. The grants for increase of pay of ministerial establishments, and for additional Deputy Collectors and Sub-Deputy Collectors, in Bengal, and for improvement of the kanungo and patwari establishments in the United Provinces, have also not been utilised. There is, on the other hand, an excess in Bombay, due to additional charges for destruction of locusts. The largest savings under *Jails* are in the charges of the Port Blair Settlement, and in the Punjab, where the proposed Mung Rasul jail has not been opened during the year, and the allotment for wool spinning machinery in the Montgomery jail has not been utilised. In Bengal there is an increase owing to the larger purchase of raw material for oil manufacture. The savings under *Education* are mainly accounted for by provision for additional establishments, and for grants-in-aid not having been worked up to. Under *Medical*, there is a saving of Rs 1,59,000 on plague expenditure in Bengal, while Rs 1,00,000 out of the allotment for plague expenditure in the United Provinces has been granted to District Boards for cleansing towns and villages, and is now shown under Civil Works. In some provinces, too, the expenditure on account of the increased pay of Indian Medical Service Officers in civil employ, sanctioned by the Secretary of State with effect from 1st April 1904, had been over-estimated, while in Madras this provision has had to be increased and additional expenditure has been incurred in connection with plague.

1904-1905.
Opium and
Telegraph
Expenditure.

121. The decrease under Opium is due to over-estimate of expenses of production, and that under Telegraphs to short outlay on repairs of lines and to smaller expenditure on the Central Persia line.

1904-1905.
Mint transactions.

122. The decrease under Mint expenditure is nominal and is due to the change of procedure referred to in paragraph 96. In the Budget of the current year provision was made for the profits on the coinage of silver already purchased, and for a corresponding entry on the expenditure side for payment to the Gold Reserve Fund. Under the present procedure these transactions have been shown under "Deposits and Advances" in the first instance. The Mints are, however, credited with two per cent, representing the cost of coinage, on the silver thus coined. There has been larger coinage of rupees, the percentage charge on which has made good a considerable part of the deficiency in the receipts due to the change in the system of accounts. The coinage of dollars for the Straits Settlements has also been much larger than provided for in the Budget and has brought in an additional revenue of Rs 1,37,000. The gain on copper coinage also exceeds the Budget Estimate by Rs 2,00,000.

1904-1905.
Military Works
and Special
Defence Works
Expenditure.

123. The decreases under Military Works and Special Defence works represent portions of the grant which it will not be possible to utilise in the current year.

124. Under Civil Works, the Budget provided for an expenditure of ^{1904-1905.} R20,00,000 for the extension and improvement of Simla against the special grant ^{Civil Works} of that amount given from Imperial revenues in 1903-1904, but only R1,25,000 ^{Expenditure.} is likely to be spent in the current year. The Budget also provided for the expenditure of special grants to the Local Governments for a variety of objects, as explained in paragraphs 223—225 of the last Financial Statement, some of which have not been utilised in the current year.

Section III.--The Budget Estimate of 1905-1906.

125. The following is a general comparison of the Budget Estimate of ^{1905-1906.} 1905-1906 with that of 1904-1905:— ^{Statement of} ^{Gross figures.}

	1904-1905.	1905-1906.	1905-1906, better.	1905-1906, worse.
REVENUE.	£	£	£	£
India	79,601,100	82,862,700	3,261,600	...
England	547,500	570,300	22,800	...
TOTAL	80,148,600	83,433,000	3,284,400	...
EXPENDITURE.				
India—				
Imperial, Provincial and Local.	61,563,300	64,066,400	...	2,503,100
Adjustment of Provincial and Local Surplus and Deficit . .	—1,316,800	—1,370,300	53,500	...
NET	60,246,500	62,696,100	...	2,449,600
England	18,983,400	19,833,100	...	849,700
TOTAL	79,229,900	82,529,200	...	3,299,300
SURPLUS	918,700	903,800	...	14,900

126. The above figures allow for the reduction of taxation, and the special ^{1905-1906.} expenditure on measures of administrative reform and economic development, ^{Remission of} referred to in Part I of the Financial Statement, *viz.*— ^{taxation, and} ^{special allotments} ^{for measures of} ^{administrative} ^{reform and} ^{economic} ^{development.}

Estimated cost.
R

1. Reduction of the salt duty, except in Burma and on Kohat salt, by eight annas a maund with effect from the 22nd March 1905. This is estimated to cost R6,00,000 in the current year and 183 lakhs in 1905-1906
- This makes the duty on salt R1-8-0 per maund throughout India outside Burma where it is R1. The only exception is in regard to salt produced in the small State of Mandi in the Punjab. Under special arrangements with the Raja, the duty on this salt, which is taxed at a low rate, is increased or decreased in accordance with changes in the general salt duty in British India to the extent of half an anna for every 2½ annas of British duty. The duty on Mandi salt will accordingly be reduced from 6 annas a maund, its former figure, to 4½ annas a maund with reference to the reduction now announced.

1,83,00,000

Carried over . . . 1,83,00,000.
R

	Estimated cost. R
Brought forward	1,83,00,000
2. Remission of the so-called famine cesses levied in the United Provinces, the Punjab, the former Punjab Districts now appertaining to the North-West Frontier Province and the Central Provinces	22,65,000
As the receipts from the cesses with the exception of those in the North-West Frontier Province are Provincial, compensatory assignments have been made to the Local Governments concerned through the adjusting head of Land Revenue.	
3. Reduction in Postal charges, the letter-weight carried for half an anna being raised from half to three-fourths of a tola	7,00,000
4. Assignments to Local Governments towards the re-organisation of their police, in accordance with the recommendations of the Police Commission	50,00,000
5. Permanent additions to Provincial Revenues for expenditure on primary education	35,00,000
6. Additional grants for the purposes of expenditure on agricultural development	20,00,000
These are at present shown in lump in the Imperial section of the Budget, but will hereafter be distributed among the Provinces	
7. Grants-in-aid to District and Local Boards, to the extent approximately of 25 per cent of their receipts from cesses levied on land	56,53,000
These grants will be paid by the Provincial Governments, who accordingly receive compensatory contributions from Imperial revenues. The gradual future increase required will, however, be met out of their growing revenues by Local Governments which have definite financial settlements. The object of these grants is to enable the Boards to provide more efficiently for local needs, and especially for the improvement of road communications.	
	<u>3,74,18,000</u>

But for these special measures the surplus of 1905-1906 would be about £3,398,000, while the revenue would be £84,850,700, against £80,148,600 in the Budget, and £84,699,100 in the Revised Estimate of 1904-1905.

1905-1906.
General Results.

127. After allowing for these important remissions of taxation, and measures for the improvement of the administration and of the material welfare of the country, the Budget Estimate of next year shows, as above mentioned, a surplus of £903,800, against £918,700 estimated for the current year in March last. The total revenue in India is £3,261,600 better, and the total expenditure £2,503,100 worse; but as £53,500 of the latter amount will be met from Provincial and Local Balances, the net improvement in the Imperial section of the accounts is £3,261,600—2,503,100+53,500=£812,000. In England revenue is better by £22,800 and expenditure worse by £849,700, the net deterioration being £826,900. Deducting from this the improvement of £812,000 in the Imperial section in India, we get the net decrease of £14,900 compared with the surplus in the Budget Estimate of the current year.

1905-1906.
Revenue in
England.

128. As compared with the current year's Budget, the estimate of revenue in England shows decreases of £26,000 under Marine and £33,500 under Army, while there is an increase of £48,000 under Interest. Under Marine, the Budget of the current year provided for a special receipt of £26,000 on account of the sale of torpedo boat defence vessels referred to in paragraphs 91 and 98. The decrease under Army is chiefly in receipts on account of the Indian trooping service. The increase under Interest accrues on the investment of cash balances, the sums available for investment being expected to be larger, and also on the investment in sterling securities of a part of the currency reserve in accordance with the Act just passed.

129. The estimate of expenditure in England exceeds the Budget Estimate of 1905-1906. the current year by £849,700. The more important variations are as follows:— *Expenditure in England.*

<i>Increases—</i>		£
Telegraph		64,700
Mint		30,700
Interest on State Railways		18,000
Interest chargeable against Companies on Advances		40,600
Interest on Capital deposited by Companies		75,800
Army Reorganisation	1,635,600	
Less—Decrease shown under ordinary Army charges	919,900	
		715,700
Special Defence Works		25,000
<i>Decreases—</i>		
Interest		66,800
Post Office		30,800
Protective Railways		23,500

130. The increases under Telegraph, Mint and Special Defences are in the 1905-1906. charges for stores for India. Under State Railways—Interest on Debt, the increase *Variations in Expenditure in England as compared with the Budget for the current year.* is accounted for by the interest payable, between the 2nd January and 31st March 1906, on the debentures of the Bombay, Baroda and Central India Railway, the liability for which will be assumed by the Secretary of State on the purchase of the Railway. Additional advances made to the Great Indian Peninsula, the Bombay, Baroda and Central India, and the Bengal Nagpur Railways under Act 51, Vict., c. 5, will lead to larger charges under the head 'State Railways—Interest chargeable against Companies on Advances.' The interest on additional capital raised by the East Indian and Bengal Nagpur Railways accounts chiefly for the increase under 'State Railways—Interest on Capital deposited by Companies.' Under ordinary Army Services there is an increase of £90,000 in the payments to the War Office, as the special refund referred to in paragraphs 91 and 99 was provided for in the Budget Estimate of 1904-1905: there is also an increase of £23,000 in the payments of furlough and other allowances. On the other hand, there is a decrease of £1,010,300, chiefly under ordnance stores, due mainly to the cost of new artillery, which was provided for in the Budget Estimate of 1904-1905 as ordinary expenditure, being shewn in the estimates of next year under the head 'Reorganisation.' The principal items of expenditure provided under 'Reorganisation' are—

	£
Rearmament of field and horse artillery	868,700
Increase of reserves of artillery ammunition	144,800
Increase of reserves of small arm ammunition	219,800

The Budget Estimate for 1904-1905 under Post Office included £48,000 on account of arrears of previous years due under the postal arrangements with His Majesty's Treasury: no such provision is necessary in the estimate for next year. The decrease under Protective Railways is chiefly in the cost of stores required for India. Under Interest provision was made in the Budget of the current year for the replacement of India Bills for £2,000,000; but £1,500,000 of these have been discharged and £500,000 are intended to be paid off next year. No provision has accordingly been made next year for interest on temporary debt.

131. The only heads of revenue in India in which an appreciable falling-off 1905-1906. is expected as compared with the Budget Estimate for the current year are— *Decrease in Revenue in India as compared with the Budget for the current year.*

	R	
Land Revenue—Ordinary	—18,43,000	
Less „ Due to Irrigation	+4,71,000	
		13,72,000
Salt		1,31,00,000
Provincial Rates		8,14,000
Mint		13,58,000
Guaranteed Companies—Net Traffic Receipts		13,25,000

132. The falling-off under Salt and Provincial Rates is due to the remission of 1905-1906. taxation referred to in paragraph 126: otherwise these heads would have *Salt Revenue and Provincial Rates.* shown increases of R52,00,000 and R14,51,000, respectively. There has been a remarkable increase in the consumption of salt in the last three years, and the

reduction in the rate of duty is expected to stimulate it still further. Under Provincial Rates the increase is largest in Bengal, owing to the revaluation of the road and public works cesses in some districts; and (apart from the elimination of the famine cess) in the Punjab, owing to extension of cultivation.

1905-1906.
Land Revenue
including portion
due to Irrigation.

133. The serious damage done to the *rabi* crops by the recent untimely frosts in the United Provinces will necessitate remissions and suspensions of land revenue there, which are estimated at 50 lakhs. In the Punjab and the Central Provinces, too, agricultural prospects are less favourable than they were last year; and in Bombay receipts will be considerably affected by the failure of the rains in Gujerat last autumn. The falling-off in these Provinces is estimated at about 65 lakhs. There are, however, partially counterbalancing increases in other provinces, the most important being in Burma (over 29 lakhs), in Madras (12 lakhs), and in Bengal (7½ lakhs). These are mainly due to new and revised settlements, and (in Burma) to extension of cultivation.

1905-1906.
Mint Revenue
and Guaranteed
Companies' Net
Traffic Receipts.

134. The decrease under Mint is due to the change in the system of accounts explained in paragraph 96; that under Guaranteed Companies' Net Traffic Receipts is explained in paragraph 140 below.

1905-1906.
Increase in
Revenue in
India

as compared with
the current year's
Budget.

135. An improvement, as compared with the Budget Estimates of 1904-1905, is expected under almost all other heads of revenue in India, the most considerable items being as follows:—

	R
Opium	78,39,000
Stamps	25,52,000
Excise	58,97,000
Customs	67,02,000
Fore-st	26,23,000
Post Office	16,95,000
Telegraph	11,54,000
State Railways, Gross Traffic Receipts	3,48,91,000
Irrigation, Major Works, Direct Receipts	8,59,000
Army Receipts	9,21,000

1905-1906.
Opium Revenue.

136. The increase under Opium is mainly due to the receipts from Bengal opium having been taken at ₹1,400 per chest as against ₹1,250 in the current year's Budget. The actual average price in 1904-1905 has been ₹1,587; but having regard to the large fluctuations in recent years, and to the fact that the price attained at the March sales showed a decrease on those of February (₹1,552 against ₹1,620), it would be unsafe to estimate for a continuance of such favourable conditions. The higher rate of duty now levied on Malwa opium accounts for an estimated increase of ₹5,40,000 in Bombay.

1905-1906.
Stamps, Excise and
Forest Revenue.

137. The increases under Stamps, Excise and Forest are justified by the results of the current year in which there has been a marked improvement in the revenue under all these heads. A further moderate improvement, as compared with the Revised Estimate, is anticipated next year in most of the provinces, the notable exceptions being the Stamp and Forest revenue of Bombay where there were certain special receipts in the current year which are not likely to recur, the Forest receipts of the United Provinces and the Excise revenue of Madras and Bombay in which some decline is expected in consequence of the unfavourable agricultural conditions prevailing there.

1905-1906.
Customs Revenue.

138. Under Customs, the Budget Estimate is ₹67,02,000 higher than that of the current year but only ₹40,000 higher than the Revised Estimate. It is not considered safe to count upon a continuance of the high receipts of the current year from imports of cotton goods and exports of rice, while a moderate improvement is anticipated under other heads. The articles under which important variations, as compared with the Revised Estimate, are expected are as follows:—

Increases—	R
Liquors	1,20,000
Sugar (ordinary duties)	2,50,000
Other metals and manufactures of metals	2,50,000
Manufactured articles	4,00,000
Excise duty on cotton goods	2,00,000
Decreases—	
Cotton manufactures	5,31,000
Export duty on rice	8,00,000

139. After making allowance for the loss of revenue due to the reduction in the postal rates referred to in paragraph 126, it is anticipated that there will be an improvement of Rs. 2,63,000 in the revenue of the Postal Department compared with that of the current year (Revised Estimate). 1905-1906.
Post Office and
Telegraph Receipts.

The increase under Telegraph also represents a normal growth of transactions.

140. As explained in paragraph 111, there has been a remarkable expansion of the traffic on, and the net earnings of, State Railways in the current year. In view of the unfavourable agricultural prospects in some of the provinces, it is not considered safe to provide for a like increase in 1905-1906. Including small transactions in England, the Budget estimate of gross earnings under State railways is taken at Rs. 34,36,04,000 against Rs. 34,28,23,000 in the Revised Estimate and Rs. 30,87,13,000 in the Budget of the current year. The estimates for next year exclude transactions of the Bengal and North-Western Railway which formerly came under this head by reason of its management of the Tirhoot State Railway, since, under the terms of the new contract with the Company for working the Tirhoot State line, an entirely separate account of the gross earnings of each railway is to be kept, the working expenses of the combined lines being divided proportionately. The necessity for including the transactions of the Bengal and North-Western Railway proper in the Government estimates and accounts has thus ceased. The reduction of the Budget Estimate due to this cause is, however, partially counterbalanced, though at the expense of receipts under the "Guaranteed Companies" head, by the inclusion under this head of the transactions of the Bombay, Baroda and Central India Railway for the last three months of the year, in consequence of the contemplated purchase of that railway by the State with effect from 1st January 1906. Up to that date, the transactions of the Railway will be shown under the head Guaranteed Railways. The decrease provided for in some of the lines on which the traffic has been exceptionally heavy this year is more than counterbalanced by an increase on newly opened lines, and by the earnings from the additional mileage to be opened. 1905-1906.
State Railways,
Gross Receipts.

141. But, as observed in last year's Statement, under State and Guaranteed Railways the net earnings are of greater significance than gross receipts. The progress of these has been as follows:— 1905-1906.
Net Railway
earnings.

	Accounts, 1903-1904.	Budget, 1904-1905.	Revised, 1904-1905.	Budget, 1905-1906.
	R	R	R	R
<i>State Railways—</i>				
Gross Receipts . . .	30,86,48,869	30,87,13,000	34,28,23,000	34,36,04,000
Working Expenses . . .	15,56,72,335	15,84,59,000	16,62,97,000	16,85,34,000
Net Earnings . . .	15,29,76,504	15,02,54,000	17,65,26,000	17,50,30,000
<i>Guaranteed Companies—</i>				
Net Traffic Receipts . .	1,41,21,946	1,48,25,000	1,64,05,000	1,35,00,000
TOTAL . . .	16,70,98,450	16,50,79,000	19,29,31,000	18,85,50,000

The net earnings are thus estimated at nearly 235 lakhs more than in the Budget for the current year, but at about 44 lakhs less than in the Revised Estimate, the abnormal railway prosperity of 1904-1905, which was most marked in the North Western Railway being, as above mentioned, not likely to be fully continued.

The more important differences as compared with the Revised Estimate are anticipated on the following lines:—

	INCREASE +	DECREASE —	
	Receipts.	Working Expenses.	Net Earnings.
	R	R	R
<i>Better than Revised —</i>			
Bengal Nagpur Railway	+ 20,00,000	+ 10,00,000	+ 10,00,000
Assam Bengal Railway	+ 5,00,000	+ 1,50,000	+ 3,50,000
Eastern Bengal and Bengal Central Railways . . .	+ 10,00,000	+ 6,85,000	+ 3,15,000
East Indian Railway . .	— 3,00,000	— 6,00,000	+ 3,00,000

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		INCREASE +		DECREASE —	
		Receipts.	Working Expenses.	Net Earnings.	
		R	R	R	
<i>Worse than the Revised—</i>					
North Western Railway		—25,00,000	+35,00,000	—60,00,000	
South Indian Railway		+2,50,000	+6,00,000	—3,50,000	
Bombay, Baroda and Central India Railway		—4,25,000	+50,000	—4,75,000	
1905-1906. <i>Irrigation, Major Works, Direct Receipts.</i>	142. Under Irrigation, Major Works (Direct Receipts) the Budget Estimate is Rs 8,59,000 higher than that of the current year, but Rs 1,68,000 less than the Revised Estimate. The decrease is mainly due to the winter rains in the United Provinces having reduced the demand for canal water.				
1905-1906. <i>Army Receipts.</i>	143. The increase under Army Receipts is due mainly to a change in the system of adjusting receipts from dairy farms. Hitherto only the net charges of these farms have been brought on the accounts, but in future the gross charges and the receipts will both appear. An increase is also expected in the receipts from the sale of malt liquor, ordnance stores and camp equipage.				
1905-1906. <i>Decrease of Expenditure in India as compared with the Budget of 1904-1905.</i>	144. The most noticeable heads under which a material decrease of expenditure in India is expected are the following: —				
				R	
		Opium	.	.	25,00,000
		Interest on ordinary Debt	.	.	25,30,000
		Mint	.	.	20,93,000
		Marine	.	.	9,14,000
		Protective Railways	.	.	13,27,000
		Reduction or Avoidance of Debt	.	.	25,93,000
1905-1906. <i>Opium.</i>	145. The provision made under Opium in the current year was in respect of a specially good crop and has not been fully worked up to. The crop of the present season has suffered from the recent untimely frost and rains, and the payments for outturn will be proportionately less.				
1905-1906. <i>Interest on Debt.</i>	146. The Interest on ordinary non-productive Debt is reduced by Rs 35,05,000, owing to transfers from this head to the Railway and Irrigation Revenue accounts by reason of capital expenditure on productive works incurred from revenue. The repayment of a temporary loan from Gwalior last April, the annual payment of 12 lakhs towards the principal of the Gwalior loan of 1887, and the discharge of Provincial Debentures on the 1st April 1905 will give savings of Rs 50,000, Rs 48,000 and Rs 34,000, respectively. On the other hand, the interest on the loan of three crores raised in the current year will increase the charges by Rs 10,50,000.				
1905-1906. <i>Mint Expenditure.</i>	147. The decrease under Mint expenditure is nominal and is due to the change of procedure referred to in paragraph 96.				
1905-1906. <i>Marine Expenditure.</i>	148. Under Marine there is a decrease of Rs 6,17,000 in Bengal mainly in the charges for the new pilot cruiser "Fraser." The charges of the Imperial Marine Department also show a decrease, as the Budget of the current year contained a special provision for the hire of transport for the return of the Aden Boundary Commission.				
1905-1906. <i>Protective Railways.</i>	149. The provision under Protective Railways (Rs 5,26,000) represents the probable outlay required next year on the four famine protective lines in Madras.				
1905-1906. <i>Reduction of Debt.</i>	150. Provision is made in the Budget Estimate of next year for the full amount of the Famine Insurance grant of Rs 1,50,00,000. A provision of Rs 31,76,000 under Famine Relief (see paragraph 158 below) and an increase of Rs 23,11,000 under Protective Irrigation Works (paragraph 159) cause corresponding decreases under the head Reduction of Debt, which is partially counterbalanced by the smaller provision under Protective Railways mentioned in the foregoing paragraph, and by the change in the method of dealing with the excess of interest over net receipts of the Bengal-Nagpur and Indian Midland Railways explained in paragraph 116.				

151. The following are the important increases in expenditure in India in 1905-1906 as compared with the Budget Estimates of 1904-1905.

	R
Land Revenue	8,86,000
Forest	4,71,000
Post Office	6,51,000
General Administration	7,24,000
Courts of Law	6,96,000
Police	55,88,000
Education	41,32,000
Scientific and Minor Departments	27,77,000
Superannuation Allowances	7,30,000
Stationery and Printing	6,24,000
Famine Relief	31,76,000
Protective Irrigation Works	23,11,000
State Railways, Working Expenses	1,00,95,000
Interest on Railway and Irrigation Debt, including Interest chargeable against Companies on Advances	35,05,000
Guaranteed Companies—Surplus Profits	6,39,000
Irrigation, Major Works, Working Expenses	4,94,000
Minor Works and Navigation	19,11,000
Military Works—Reorganisation	35,28,000
Less decrease under ordinary Expenditure	22,00,000
Net excess	13,28,000
Civil Works	71,14,000
Army Services—Reorganisation	85,36,000
Less decrease in ordinary Expenditure	17,57,000
Net excess	67,79,000

Increase of Expenditure in India, as compared with current year's Budget.

152. The increase under Land Revenue occurs mainly in Burma, where it is largely due to payment of commission to village officers on the anticipated larger collections; in Bengal, where provision is made for expenditure on the administrative and ministerial establishments which could not be incurred during the current year (*vide* paragraph 120), for extension of survey and settlement operations, and for reclamation of waste lands in the Sunderbans; in the Punjab, where a new Provincial Service scheme is being introduced, a new district (Lyallpur) has recently been created, and provision has also been made for certain incidental settlement charges which used formerly to be borne by land-owners, but will now have to be borne by Government; and in Bombay, where a revision of the establishments in Sind and some other parts of the Presidency is in contemplation. These increases are partially counterbalanced by decreases in other provinces, due mainly to reduction in the Budget proposals with a view to bring the estimates into closer accord with the probable actuals.

153. The increase under Forests represents for the most part expenditure necessary to yield the additional revenue which is anticipated, and is largest in Burma and Madras.

154. The Post Office expenditure increases every year with the progress of the Department. Provision has also been made for the transfer of Provincial District Dak establishments in the Punjab and Bombay to the Imperial Postal Department.

155. The increases under General Administration, Courts of Law, and Stationery and Printing are distributed over most provinces and represent the additional expenditure required to meet the growing requirements of the various departments. The only points which need special mention are the creation of the Commerce and Industry Department; the transfer of Rs 1,70,000 from the head General Administration (Public Works Secretariat) to the Railway Revenue Account, due to the constitution of the Railway Board; the development of the Judicial service in Burma; the provision for temporary additional Judges in the Chief Court of the Punjab; and a reduction (21 lakhs) in the Printing and Stationery charges in Bengal, which is more than counterbalanced under India General, owing to the department of Stationery and Stamps in Calcutta, which

was formerly under the Local Government, having been transferred to the control of the Government of India during the current year.

1905-1906.

*Police, Education,
Scientific and
Minor Depart-
ments and Civil
Works.*

156. The increases under Police, Education, Scientific and Minor Departments, and Civil Works, represent, for the most part, expenditure to be incurred out of the special grants made, as explained in paragraph 126, for the reform of the police, improvement of primary education, agricultural development and grants-in-aid to District and Local Boards. As there stated, the grant for Agriculture has not yet been distributed. The other grants have been allotted as follows among the principal provinces :—

	Grant for Police reform.	Grant for Primary Education.	Grant to District and Local Boards.
	₹	₹	₹
Central Provinces	4,00,000	1,60,000	1,10,000
Berar (Imperial)	1,00,000	40,000	90,000
Burma	5,00,000	2,00,000	4,50,000
Assam	50,000	1,00,000	1,50,000
Bengal	12,00,000	10,00,000	12,50,000
United Provinces	6,50,000	6,00,000	8,00,000
Punjab	5,00,000	3,00,000	6,50,000
Madras	10,00,000	6,00,000	14,00,000
Bombay	5,00,000	5,00,000	7,00,000
TOTAL	49,00,000*	35,00,000	56,00,000†

* One lakh more (making the whole grant 50 lakhs) is reserved for distribution to the minor provinces.
† In addition, ₹53,000 will be granted in minor provinces.

Increase of ordinary expenditure is also provided in most of the provinces to meet the growing requirements of the departments. Under Civil Works, the flourishing condition of the Provincial finances in Burma, and the grants made in connection with the recent settlements to Bengal and Bombay, have enabled these Local Governments to provide considerable additional expenditure next year. In Bengal provision has also been made for expenditure of ₹4,31,000 on the improvement of the Chittagong Port which will be met from Imperial revenues by an adjustment through the Land Revenue head. Of a total special grant of 20 lakhs made from Imperial Funds to the Madras Harbour Trust Board, ₹7,00,000 appears under this head in the Budget of 1905-1906, and ₹6,26,000 in the Revised Estimate for the current year.

1905-1906.

*Superannuation
Allowances.*

157. The increase under Superannuation Allowances, etc., represents the normal growth of the pension list.

1905-1906.

Famine Relief.

158. Allotments of ₹15,00,000 and ₹16,76,000 are made on account of Famine Relief in Madras and Bombay, in view of the distress due to deficient rainfall.

1905-1906.

*Protective Irriga-
tion Works.*

159. Larger provision has been made for Protective Irrigation Works in Bengal, the United Provinces and Bombay, while there is a decrease in Madras owing to no further grant being required next year for the investigation of the Tungabhadra project and the Kistna reservoir.

1905-1906.

Railway charges.

160. The increase under Working Expenses of State Railways is due partly to the increased traffic anticipated, and partly to special repairs of rails and rolling stock, and repairs to flood damages.

The increase in the Railway and Irrigation interest charges represents the interest on new capital expenditure. The increase under Guaranteed Companies' Surplus Profits, etc., follows a rise in the net earnings of the Bombay, Baroda and Central India Railway. There is also an increase on account of the land required for staff quarters.

1905-1906.

*Irrigation Works—
Major and Minor.*

161. The expansion of irrigation in the Punjab accounts mainly for the increase in the working expenses of Major Irrigation works.

Under Minor Works and Navigation provision is made for a special grant of ten lakhs from Imperial revenues in accordance with the recommendations of the Irrigation Commission.

162. Including expenditure in England, the ordinary and special items in the Budget Estimates of the current and ensuing years for expenditure under Military Works are as follows :—

	Budget Estimate, 1904-1905. R	Budget Estimate, 1905-1906. R
Fixed quinquennial grant	97,00,000	93,53,000
Large works costing over Rs50,000 each	58,50,000	43,55,000
Reorganisation	...	35,28,000
Re-grant of expected lapses	3,00,000	...
	<u>1,58,50,000</u>	<u>1,72,36,000</u>

The decrease in the fixed grant is due to the transfer of some works to Local Governments: the charges for these, for which assignments have been given through the adjusting head, now appear under Civil Works.

163. The following statement compares the Budget Estimates of ordinary Army expenditure (India) for 1905-1906 with those of the current year's Budget after excluding the following items of special expenditure from both :—

	Budget Estimate, 1904-1905. R	Budget Estimate, 1905-1906. R
Tibet Mission	36,00,000	6,00,000
Escort with the Aden Delimitation Commission	11,29,000	6,12,000
Escort with the Seistan Boundary Commission	1,61,000	2,54,000
Special measures for increasing the efficiency of the Army	34,16,000	25,82,000
Reorganisation	...	85,36,000
Total special items	83,06,000	1,25,84,000
Remaining ordinary expenditure	19,45,09,000	19,70,10,000
TOTAL	<u>20,28,15,000</u>	<u>20,95,94,000</u>

The Budget Estimate of normal ordinary expenditure for next year thus exceeds that of the current year by Rs25,01,000. The more important variations which have led to this increase are as follows :—

<i>Increases.</i>	R
Charges on account of the 44th Merwara Infantry hitherto shown as Political expenditure	2,03,000
New scheme for the supply of clothing to the Native Army in India	5,08,000
Larger provision for stores and material for the Ammunition Factory, Dum-Dum; the Rolling Mills, Ishapur; and the Harness and Saddlery Factory, Cawnpore	8,01,000
Full charges of dairy farms and piggeries, of which only the net charges have hitherto been shown in the accounts. The receipts will now be credited also	6,63,000
Conveyance of troops and stores and purchase of camp equipage	6,84,000
<i>Decreases.</i>	
Deduction made for savings anticipated in consequence of the employment of Indian troops in China and Somaliland	8,67,000
Less purchase of remounts	4,81,000

Information as to new measures sanctioned for adoption next year and the reorganisation expenditure is given in paragraphs 195 and 196, and in the memorandum by the Honourable Military Member (Appendix II).

Section IV.—Statements comparing the estimates under the more important heads of Revenue and Expenditure with the actuals of past years.

LAND REVENUE.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
REVENUE (including that due to Irriga- tion)—	₹	₹	₹	₹	₹	₹
India General .	14,05,222	12,37,032	14,72,513	14,56,000	15,15,000	14,51,000
Central Provinces .	86,85,541	79,11,373	83,86,263	89,00,000	89,68,000	88,00,000
Berar . . .	...	70,88,389	78,30,166	82,69,000	82,31,000	83,28,000
Burma .	3,31,48,222	2,35,74,368	3,52,43,662	3,64,30,000	3,74,25,000	3,93,75,000
Assam . .	61,67,279	64,58,053	54,43,025	65,06,000	64,22,000	66,27,000
Bengal . .	4,08,11,631	4,11,49,522	4,10,03,080	4,11,50,000	4,10,00,000	4,19,03,000
United Provinces of Agra and Oudh	6,45,25,467	6,41,12,450	6,46,71,000	6,52,87,000	6,44,63,000	6,06,38,000
Punjab . .	2,64,16,932	2,30,31,032	2,51,51,468	2,56,44,000	2,63,80,000	2,55,00,000
N.-W. Frontier Province . .	8,97,627	17,18,531	18,29,849	19,00,000	20,22,000	19,32,000
Madras . .	5,87,40,216	6,13,34,153	6,06,29,257	6,20,96,000	5,64,39,000	6,33,22,000
Bombay . .	4,57,23,091	4,14,33,666	4,94,12,623	4,95,03,000	4,44,54,000	4,78,93,000
TOTAL .	28,65,21,228	28,87,68,569	30,10,72,906	30,71,41,000	29,73,49,000	30,57,69,000
Shown under XXIX. —Irrigation . .	1,22,00,957	1,22,15,889	1,25,57,090	1,32,67,000	1,29,05,000	1,37,38,000
Shown under I.— Land Revenue .	27,43,20,271	27,65,52,680	28,85,15,816	29,38,74,000	28,44,44,000	29,20,31,000
EXPENDITURE—						
India—						
District Adminis- tration . .	1,98,39,403	2,02,44,519	2,08,17,850	2,16,04,000	2,16,58,000	2,25,25,000
Other Charges .	2,30,76,569	2,33,95,466	2,49,09,285	2,81,73,000	2,62,22,000	2,81,38,000
TOTAL .	4,29,15,972	4,36,39,985	4,57,27,135	4,97,77,000	4,78,80,000	5,06,63,000
England—	£	£	£	£	£	£
Other Charges .	670	148	408	900	900	500

164. The figures have been already referred to in paragraphs 100, 120, 133 and 152. There is a falling off in Madras and Bombay in the current year, owing to deficient rainfall, which will affect the collections in Bombay next year also. In the United Provinces the *rabi* crop has been seriously damaged by frost, and it is expected that there will be a considerable decline in the revenue in 1905-1906. There will also be decrease, though to a much less extent, in the Punjab and the Central Provinces, where the recent abnormal cold weather has likewise affected the crops unfavourably. In the other provinces the revenue is growing steadily, partly owing to revision of settlements, and partly to extension of cultivation, brought about in many cases by development of irrigation.

OPIUM.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
INDIA.						
Revenue—						
Bengal—Sale of Opium	R 6,22,54,350	R 5,49,39,005	R 7,01,75,570	R 6,00,00,000	R 7,61,94,000	R 6,72,00,000
Bombay—Pass Fees	81,40,250	99,15,500	1,30,70,750	1,14,00,000	1,15,60,000	1,20,00,000
Excise Opium and other revenue	23,85,734	26,22,071	27,94,355	28,66,000	29,06,000	29,65,000
TOTAL	7,27,80,334	6,74,76,576	8,60,40,675	7,43,26,000	9,06,60,000	8,21,65,000
Expenditure—						
Payments to Cultivators, including purchase of opium	2,16,45,838	2,22,84,345	3,07,70,477	2,74,12,000	2,71,58,000	2,48,31,000
Other Charges	24,55,486	23,70,208	25,61,683	26,26,000	23,81,000	27,07,000
TOTAL	2,41,01,324	2,46,60,553	3,33,32,160	3,00,38,000	2,95,39,000	2,75,38,000
ENGLAND.						
Other Charges	£ 1,935	£ 4,446	£ 3,600	£ 1,400	£ 2,200	£ 1,500
Statistics—						
Bengal—						
Chests sold	48,000	48,000	48,000	48,000	48,000	48,000
Average Price	₹1,297	₹1,144	₹1,462	₹1,250	₹1,537	₹1,400
Chests produced	44,457	44,724	64,738	...	50,000	...
Chests in Balance, March 31	54,303	51,025	67,758	...	69,758	...
Reserve, December 31	21,846	18,300	15,024	31,764	31,762	33,762
Bombay—						
Chests passed for export	16,280	19,831	26,141½	22,920	19,370	20,000
Rate of duty	₹500	₹500	₹500	₹500	₹500 & 600	₹600

165. The quantity of Bengal opium to be sold is, as usual, taken at 48,000 chests. In view of the high average price obtained this year the average price for 1905-1906 has, as already explained (paragraph 136), been taken at ₹1,400 per chest, the maximum rate which it is considered safe to adopt. The decrease under charges is, as already stated in paragraph 145, due to expectation of a smaller crop this season.

SALT.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
REVENUE.						
Northern India (a)	R 1,90,47,984	R 1,97,31,548	R 1,72,13,079	R 1,69,00,000	R 1,69,50,000	R 1,36,25,000
Burma (b)	15,28,881	18,30,199	15,48,365	16,00,000	10,75,000	16,75,000
Bengal (b)	2,60,37,624	2,67,94,565	2,18,01,075	2,20,00,000	2,23,00,000	1,74,00,000
Madras (a)	1,91,53,622	2,03,10,107	1,95,35,805	1,80,00,000	1,93,50,000	1,55,00,000
Bombay (a)	2,33,21,533	2,40,93,050	1,80,58,649	1,85,00,000	2,00,00,000	1,57,00,000
TOTAL	8,90,89,644	9,27,66,069	7,87,56,973	7,70,00,000	8,02,75,000	6,39,00,000
CHARGES.						
India	51,41,683	51,86,238	49,35,853	56,35,000	51,64,000	55,98,000
England	£ 851	£ 142	£ 2,134	£ 900	£ 900	£ 100

(a) Chiefly excise on local manufacture. (b) Chiefly duty on imported salt.

166. The Revised and Budget Estimates are placed at 6 lakhs and 183 lakhs, respectively, lower than they would have been but for the reduction in the rate of duty. There has been a considerable increase in consumption subsequent to the reduction of duty in 1903, and it is anticipated that the fresh reduction now made will lead to a further increase next year.

FINANCIAL STATEMENT OF THE STAMPS.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
REVENUE.	R	R	R	R	R	R
Court Fees and Plain Paper	3,58,65,792	3,58,89,411	3,67,25,008	3,74,58,000	3,82,81,000	3,90,69,000
Commercial and other Stamps	1,49,00,263	1,51,99,912	1,59,38,860	1,61,38,000	1,71,86,000	1,74,73,000
Other Revenue	9,30,028	10,16,344	10,39,831	9,61,000	6,78,000	5,67,000
TOTAL	5,16,96,083	5,21,05,667	5,37,03,699	5,45,57,000	5,61,45,000	5,71,09,000
CHARGES.						
India	11,43,750	11,61,149	12,02,373	12,12,000	12,31,000	12,69,000
England (Stores)	£ 29,567	£ 31,898	£ 42,221	£ 37,500	£ 39,500	£ 40,100

167. The revenue has continued to develop in every province, the growth being largest in Bengal. A further moderate improvement is anticipated next year.

EXCISE.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
REVENUE.	R	R	R	R	R	R
Burma	54,24,494	57,64,960	74,64,332	79,00,000	75,50,000	86,00,000
Bengal	1,50,25,698	1,57,87,914	1,62,95,944	1,65,00,000	1,67,00,000	1,73,50,000
United Provinces of Agra and Oudh	74,10,028	83,23,741	94,58,526	98,00,000	1,01,00,000	1,05,00,000
Madras	1,43,08,674	1,56,16,618	1,77,02,209	1,76,50,000	1,87,50,000	1,83,00,000
Bombay	1,05,34,745	1,08,49,937	1,19,99,390	1,20,00,000	1,32,50,000	1,31,00,000
Berar	..	9,14,176	19,94,331	19,50,000	24,20,000	26,00,000
Other Provinces	84,46,575	91,42,283	97,86,714	99,50,000	1,07,59,000	1,11,97,000
TOTAL	6,11,50,214	6,63,99,629	7,47,01,446	7,57,50,000	7,95,29,000	8,16,47,000
CHARGES.						
India	24,91,879	28,37,618	32,08,129	37,57,000	36,22,000	40,27,000
England	£ 30	£ 9	£ 33	£ ...	£ 800	£ 100

168. The figures have been explained in paragraphs 105 and 137. The revenue has grown steadily, and a further improvement upon the current Revised Estimate is anticipated in every province next year, except in Madras and Bombay where the unfavourable agricultural conditions of the present year are expected to affect the receipts.

The increase in charges is due to the entertainment of larger establishments in connection with measures for the improvement of local excise systems, and is largest in Burma, Bombay, the Central Provinces and Bengal.

PROVINCIAL RATES.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
	R	R	R	Budget. R	Revised. R	R
REVENUE.						
District Local Funds .	2,44,62,708	2,44,71,407	2,55,68,247	2,57,04,000	2,54,77,000	2,65,63,000
Provincial Cesses, in- cluding Famine In- surance	68,97,833	69,19,660	70,66,975	70,77,000	72,81,000	51,50,000
Village Service and Patwaris	81,79,374	81,47,838	79,81,295	80,97,000	79,71,000	81,20,000
Other Cesses	16,07,402	10,71,949	17,03,711	16,07,000	10,46,000	18,38,000
TOTAL	4,11,47,317	4,12,10,854	4,23,80,228	4,24,85,000	4,23,75,000	4,16,71,000
CHARGES	6,36,025	6,28,226	5,88,173	6,21,000	5,72,000	5,86,000

169. As compared with Budget expectations, there is a falling off in the current year in the United Provinces, Madras and Bombay, while there is a considerable increase in Bengal and the Punjab. The remission of the famine cesses will cause a loss of ₹22,65,000 next year, namely, ₹1,96,000 in the Central Provinces, ₹13,30,000 in the United Provinces, ₹6,63,000 in the Punjab, and ₹76,000 in the North-West Frontier Province. The provincial revenues have been compensated for the loss through the Land Revenue head. Apart from the remission of the famine cesses there would, as observed in paragraph 132, have been some increase of revenue in the current year, owing mainly to enhanced receipts in Bengal and the Punjab.

CUSTOMS.

SEA CUSTOMS.	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
IMPORTS.	R	R	R	R	R	R
Special Import Duties.						
Arms, Ammunition, and Military Stores .	3,58,820	3,57,148	3,49,248	3,60,000	4,10,000	4,00,000
Liquors—						
Ale, Beer, Porter, Cider and other fer- mented Liquors	2,29,381	2,39,294	2,54,022	2,60,000	2,75,000	2,90,000
Spirits and Liqueurs	64,90,863	69,63,189	75,16,341	78,00,000	76,50,000	77,50,000
Wines	3,49,553	3,91,230	3,80,174	3,80,000	3,75,000	3,80,000
Opium	3,419	3,840	2,990	3,000	4,000	3,000
Petroleum	52,58,383	53,76,744	43,99,535	42,00,000	47,00,000	47,50,000
Sugar (countervailing duties, 1899) . .	40,48,294	17,04,465	2,31,907	50,000	15,000	15,000
Do. (do., 1902)	...	3,32,703	20,573	...	8,000	...
General Import Duties.						
Articles of Food and Drink (excluding Sugar)	15,13,581	14,57,463	15,45,568	15,70,000	18,00,000	17,50,000
Sugar (ordinary duties)	31,93,443	25,12,899	29,27,323	29,50,000	32,00,000	34,50,000
Chemicals, Drugs, Medicines and Narcotics and Dyeing and Tanning Materials . .	12,09,503	12,07,977	13,83,834	14,20,000	13,80,000	14,00,000
Cotton Manufactures	1,03,75,550	99,15,217	98,83,603	99,50,000	1,22,08,000	1,16,77,000
Metals and Manufactures of :—						
Silver, Bullion and Coin	30,63,948	39,40,632	40,27,301	39,25,000	43,50,000	44,00,000
Other Metals and Manufactures of Metals	23,40,000	30,62,040	34,18,323	35,00,000	36,00,000	38,50,000
Oils (excluding Petroleum)	2,32,662	1,41,712	92,941	90,000	1,00,000	1,00,000
Manufactured Articles	61,17,900	61,37,209	70,81,173	73,00,000	82,50,000	86,50,000
Raw Materials and Unmanufactured Articles	8,86,010	8,27,951	9,17,898	9,00,000	9,75,000	10,25,000
TOTAL IMPORTS	4,56,77,326	4,42,70,813	4,44,32,844	4,46,58,000	4,93,00,000	4,98,90,000
EXCISE DUTY ON COTTON GOODS	17,67,498	18,60,213	20,77,449	21,50,000	23,00,000	25,00,000
EXPORT DUTIES—						
Rice	91,76,822	1,26,55,716	1,20,31,375	1,10,00,000	1,28,00,000	1,20,00,000
LAND CUSTOMS AND MISCELLANEOUS . .	8,73,642	8,71,796	9,52,802	9,50,000	10,20,000	10,70,000
GRAND TOTAL	5,74,95,288	5,96,64,538	5,94,94,470	5,87,58,000	6,54,20,000	6,54,60,000
Charges	24,19,723	24,17,843	25,20,550	26,96,000	27,17,000	28,31,000

170. The principal features in the Revised Estimate as compared with the current year's Budget are the extraordinary increase in the imports of cotton goods and manufactured articles, and to a less extent of petroleum, silver and

sugar, and the expansion of the rice exports. The increase in the growth of the receipts from excise duty on cotton goods noticed last year continues. As observed in paragraph 138, in framing the Budget for 1905-1906, it has been thought safe to estimate for some set back under cotton manufactures (imports) and rice (exports).

The charges are increasing in Bengal, owing to the necessity for improving the Customs and Preventive service in Calcutta.

ASSESSED TAXES.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
	R	R	R	R	R	R
Deduction by Govern- ment from Salaries, Pensions, and Interest payments	45,44,754	46,46,579	42,56,216	42,22,000	43,37,000	43,75,000
Other Collections . .	1,59,94,900	1,65,09,844	1,39,63,760	1,47,36,000	1,45,00,000	1,48,38,000
TOTAL	2,05,39,654	2,11,56,423	1,82,19,976	1,89,58,000	1,88,37,000	1,92,13,000
Charges	3,57,348	3,62,255	3,48,126	3,30,000	3,38,000	3,38,000

171. Enhanced receipts are gradually making up for the loss of revenue entailed by the exemption of incomes between Rs500 and Rs1,000 in 1903-1904. The relief which that measure afforded to the poorer taxpayers may be gauged by the fact that the number of assesseees exempted by its operation in 1903-1904 was about 293,000, or some 55 per cent of the whole number who would otherwise have been liable.

FOREST.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
India—	R	R	R	R	R	R
Revenue	1,73,60,322	1,94,71,540	2,22,16,747	2,14,22,000	2,34,15,000	2,40,45,000
Expenditure . .	1,05,20,701	1,12,49,331	1,21,66,993	1,34,01,000	1,30,68,000	1,38,72,000
NET	68,39,621	82,22,209	1,00,49,754	80,21,000	1,03,47,000	1,01,73,000
	£	£	£	£	£	£
Equivalent in Sterling .	455,975	548,148	669,983	534,700	689,800	678,200
Expenditure in England	4,201	1,828	2,485	1,300	4,700	1,700
NET REVENUE	451,774	546,320	667,498	533,400	685,100	676,500

172. The revenue is increasing in every province, the largest growth being in Burma. This fact necessitates increase in expenditure also, and the net receipts taken for 1905-1906, while 21½ lakhs in excess of the Budget figure for 1904-1905, are slightly below the amount anticipated in the Revised Estimate.

INTEREST RECEIPTS.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
	₹	₹	₹	Budget. ₹	Revised. ₹	₹
India	1,06,27,928	1,06,55,278	1,13,14,112	1,09,35,000	1,05,45,000	1,07,61,000
England	₹ 77,151	₹ 157,315	₹ 141,788	₹ 40,000	₹ 1,00,000	₹ 88,000

173. The variations in England as compared with the Budget Estimate for the current year are explained in paragraphs 98 and 128. In India the interest on overdrawn capital of the Burma, Bengal-Nagpur and Indian Midland Railways, and on the Berar Famine loan, was overestimated.

INTEREST EXPENDITURE.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
	₹	₹	₹	Budget. ₹	Revised. ₹	₹
Interest on Debt—						
India	4,03,88,541	4,09,18,933	4,17,76,092	4,29,25,000	4,30,00,000	4,39,00,000
Deduct charged to—						
Irrigation	1,41,61,844	1,45,36,567	1,49,13,519	1,53,52,000	1,52,38,000	1,57,25,000
Railways	4,78,23,864	4,99,00,997	5,24,72,714	5,55,25,000	5,55,72,000	5,86,57,000
Balance charged to Interest	—2,15,97,167	—2,35,18,631	—2,56,10,141	—2,79,52,000	—2,78,10,000	—3,04,82,000
Equivalent in sterling England	₹ —1,439,811 ₹ 3,003,726	₹ —1,567,909 ₹ 3,003,159	₹ —1,707,343 ₹ 2,983,545	₹ —1,863,500 ₹ 2,994,700	₹ —1,854,000 ₹ 3,045,100	₹ —2,032,100 ₹ 2,927,900
TOTAL	1,563,915	1,435,250	1,276,202	1,131,200	1,191,100	895,800
Interest on other Obligations—						
On Savings Bank Balances converted at R15 = £1	245,797	200,001	280,968	303,000	306,500	326,500
Other items	134,026	137,434	140,457	142,100	140,800	142,600
GRAND TOTAL £	1,944,338	1,832,685	1,697,627	1,576,300	1,638,400	1,364,900
Debt outstanding, March 31—						
Sterling	₹ 134,307,090	₹ 133,796,261	₹ 133,045,844	₹ 134,694,161	₹ 133,043,644	₹ 137,221,044
Rupee Debt—						
4 per cent	₹ 4,71,61,750	₹ 4,59,61,550	₹ 4,47,61,525	₹ 4,35,61,550	₹ 4,35,61,525	₹ 4,15,06,325
3½ per cent	99,15,12,200	1,00,05,18,700	1,02,65,22,700	1,05,65,18,700	1,05,65,22,700	1,09,65,22,700
3 per cent	11,07,07,200	11,07,08,300	11,07,10,300	11,07,08,300	11,07,10,300	11,07,10,300
Other Debt	1,25,32,683	1,23,52,110	1,22,48,510	1,21,52,110	1,21,48,510	1,20,53,710
Savings Bank Balances	12,36,16,334	13,27,61,060	14,36,75,142	15,28,08,060	15,53,20,142	16,82,90,142

174. The Budget Estimate of the current year did not provide for the discount on the India 3 per cent stock of £2,500,000 raised in the current year. The transfer of a considerable amount of debt year by year from the non-productive account to the Railway and Irrigation revenue accounts, as an equivalent for productive capital expenditure incurred from surplus revenue, is materially reducing the charge under this head which is already nearly 30 per cent less than it was in 1901-1902.

175. The Postal Savings Bank deposits are increasing substantially year by year, giving unmistakeable evidence of the growing prosperity of the country.

FINANCIAL STATEMENT OF THE

POST OFFICE.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
India—	R	R	R	R	R	R
Revenue . . .	2,07,55,636	2,14,49,028	2,26,07,287	2,24,29,000	2,38,61,000	2,41,24,000
Expenditure . . .	1,77,83,206	1,87,02,940	1,94,77,958	2,06,98,000	2,04,54,000	2,13,49,000
NET REVENUE IN INDIA . . .	29,72,430	27,46,088	31,29,329	17,31,000	34,07,000	27,75,000
EQUIVALENT IN STERLING . . .	£ 198,162	£ 183,072	£ 208,623	£ 115,400	£ 227,100	£ 185,000
NET EXPENDITURE IN ENGLAND . . .	95,077	99,915	104,694	151,000	149,500	120,200
TOTAL NET REVENUE	103,085	83,157	103,929	— 35,600	77,600	61,800

176. The above shows a continued development of the operations of the Department. The concession in regard to the letter weight conveyable for half an anna will, as explained in paragraph 126, involve a loss of 7 lakhs of revenue.

TELEGRAPH.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
India—	R	R	R	R	R	R
Revenue Accounts—						
Revenue . . .	1,34,94,365	1,30,62,086	1,27,66,375	1,24,20,000	1,32,27,000	1,35,74,000
Expenditure . . .	82,59,928	86,33,598	83,11,532	94,92,000	89,96,000	93,22,000
NET . . .	52,34,437	44,28,488	39,54,793	29,28,000	42,31,000	42,52,000
Equivalent in sterling . . .	£ 348,562	£ 295,233	£ 263,653	£ 195,200	£ 282,100	£ 283,500
Net Expenditure in England . . .	68,864	65,817	52,377	70,400	42,200	44,800
	+ 280,098	+ 229,416	+ 211,276	+ 124,800	+ 239,900	+ 238,700
Capital Expenditure—						
India (converted at R15 = £1) . . .	57,994	71,212	85,809	117,300	98,000	100,500
England . . .	218,182	190,967	134,656	171,000	168,000	263,500
	276,176	262,179	270,465	288,300	266,000	364,000
TOTAL NET REVENUE	3,922	— 32,763	— 59,189	— 163,500	— 26,100	— 125,300

177. Of the increase in the Revised Estimate of revenue in India which has been explained in paragraph 109, Rs. 5,00,000 is in the receipts of the Indian Telegraph Department and Rs. 3,07,000 in the receipts of the Indo-European Telegraph Department. The receipts of 1905-1906 are framed on the assumption of a normal increase in traffic.

178. The Revised Estimate of expenditure on revenue account, in India, is smaller than the Budget Estimate by Rs. 4,96,000. The decrease occurs mainly in the Indian Telegraph Department, and is due to outlay on repairs of lines and other items of expenditure not having been incurred to the extent

provided in the Budget. The Budget Estimate of next year shows a small decrease as compared with that of 1904-1905.

179. The decrease in the Revised Estimate of expenditure in England on revenue account is mainly due to the net outpayments in respect of revenue being £6,000 against £39,000 provided in the Budget Estimate. On the other hand, the provision in the Revised Estimate for payment of the joint purse guarantee in respect of loss of receipts by the reduction in the tariff for foreign messages in 1902, *vide* paragraph 176 of last year's Statement, has been raised to £18,400 as against £12,300 in the Budget. The payment is on account of the period from 1st March 1902 to 31st March 1904 and is far less than was anticipated when the reduction in charges took place, owing to the compensatory growth of traffic. The Budget Estimate for next year does not contain any provision on this account.

180. The reduction in capital expenditure in India in the Revised Estimate occurs both in the Indian and Indo-European Telegraph Departments and is due to short outlay on works.

MINT.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
India—	R	R	R	R	R	R
Revenue . . .	83,29,925	61,68,083	4,32,70,754	29,41,000	29,55,000	15,83,000
Expenditure . . .	73,71,901	62,34,258	4,16,62,331	33,87,000	16,12,000	12,94,000
NET REVENUE . . .	9,58,024	—66,175	16,08,423	—4,46,000	13,43,000	2,89,000
Equivalent in sterling . . .	£ 63,868	£ —4,411	£ 107,228	£ —29,700	£ 89,500	£ 19,200
Net expenditure in England . . .	12,528	8,365	8,047	6,300	13,200	37,000
TOTAL NET REVENUE	51,340	—12,776	99,181	—36,000	76,300	—17,800

181. It has been explained in paragraph 96 that, with effect from the current year, the profits on the coinage of rupees will not appear as revenue and expenditure under this head.

EXPENDITURE ON CIVIL DEPARTMENTS.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
INDIA.	R	R	R	R	R	R
General Administration	1,65,54,642	1,89,62,104	1,82,06,139	1,75,93,000	1,79,68,000	1,83,17,000
Law and Courts . . .	3,23,58,574	3,32,26,413	3,41,38,317	3,54,64,000	3,49,66,000	3,61,60,000
Justice. { Jails . . .	1,15,61,297	1,08,81,591	1,06,95,458	1,13,40,000	1,05,10,000	1,13,40,000
Police . . .	4,43,41,080	4,52,71,032	4,62,95,126	4,77,22,000	4,72,76,000	5,33,10,000
Marine . . .	42,58,472	40,20,772	66,82,412	72,14,000	75,52,000	63,00,000
Education . . .	1,69,43,997	1,94,36,735	2,04,57,210	2,33,95,000	2,20,29,000	2,75,27,000
Ecclesiastical . . .	16,84,155	16,55,652	16,92,069	18,46,000	17,97,000	18,82,000
Medical . . .	1,28,87,984	1,42,81,869	1,41,36,131	1,56,74,000	1,49,51,000	1,60,68,000
Political . . .	1,02,00,690	1,21,83,251	1,04,62,173	1,49,43,000	1,20,07,000	1,00,19,000
Scientific and Minor Departments . . .	70,79,786	71,24,439	77,32,054	77,21,000	73,38,000	1,04,98,000
TOTAL INDIA . . .	15,78,70,677	16,70,43,858	17,04,97,089	18,29,12,000	17,63,94,000	19,14,21,000
ENGLAND.	£	£	£	£	£	£
General Administration	259,112	251,474	279,602	268,200	272,000	279,600
Marine . . .	314,351	247,914	281,182	280,200	272,000	281,600
Other heads . . .	48,624	53,598	51,975	53,100	49,900	57,700
TOTAL ENGLAND . . .	622,087	552,986	612,759	601,500	593,900	618,900

182. The figures have been sufficiently dealt with in paragraphs 120, 155 and 156. The increase in 1905-1906 is mainly due to the special grants for Police, Education and Agriculture, referred to in paragraphs 126 and 156.

FINANCIAL STATEMENT OF THE
MISCELLANEOUS CIVIL CHARGES.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
INDIA.	₹	₹	₹	₹	₹	₹
Territorial and Political Pensions	38,04,743	38,70,229	36,99,387	36,83,000	36,65,000	37,63,000
Civil Furlough and Absentee Allowances	11,492	5,480	4,271	8,000	6,000	8,000
Superannuation Allowances and Pensions	1,16,83,183	1,21,31,479	1,26,66,561	1,30,12,000	1,32,98,000	1,37,42,000
Stationery and Printing Exchange	67,03,453	70,25,818	68,96,961	68,20,000	72,50,000	74,44,000
Miscellaneous	45,39,511	85,09,175	64,80,127	35,20,000	36,97,000	35,32,000
TOTAL INDIA	2,67,42,382	3,15,42,211	2,97,47,307	2,70,43,000	2,79,16,000	2,84,89,000
ENGLAND.	£	£	£	£	£	£
Civil Furlough and Absentee Allowances	251,807	244,026	238,303	257,500	221,600	250,000
Superannuation Allowances and Pensions	1,976,705	2,006,754	2,011,722	2,026,500	2,018,000	2,025,500
Other Heads	128,045	140,396	116,466	92,600	172,100	100,800
TOTAL ENGLAND	2,356,557	2,391,176	2,366,491	2,376,600	2,411,700	2,376,300

183. The main variations have been referred to in paragraphs 155 and 157. The increases occur mainly under Superannuation Allowances and Pensions (India) and Stationery and Printing, and are due to the normal growth of the pension list and larger consumption of stationery articles.

184. The following statement shows the amount of agricultural and other loans written off and charged under the head Miscellaneous :—

PROVINCE.	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906. Budget Estimate.
				Budget Estimate.	Revised Estimate.	
	₹	₹	₹	₹	₹	₹
India	...	...	64,247	...	...	...
Central Provinces	5,19,334	39,769	12,12,723	1,00,000	2,00,000	50,000
Bengal	...	...	1,05,637	...	6,000	14,000
United Provinces of Agra and Oudh	1,19,109	1,50,041	12,154	5,000	10,000	5,000
Punjab	6,778	2,59,651	6,49,099	23,000	53,000	3,000
Bombay	14,56,464	26,75,809	8,63,404	...	2,000	...

FAMINE RELIEF AND INSURANCE.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
	₹	₹	₹	₹	₹	₹
Famine Relief	79,37,720	48,22,634	3,05,264	...	1,32,000	31,76,000
Construction of Protective Railways	...	24,375	14,49,083	22,05,000	19,53,000	5,26,000
Construction of Protective Irrigation Works	10,60,386	14,21,131	21,66,690	35,00,000	32,68,000	57,00,000
Reduction or Avoidance of Debt	42,69,574	84,70,500	96,64,163	81,91,000	96,47,000	55,98,000
TOTAL	1,32,67,680	1,47,38,640	1,35,85,200	1,38,96,000	1,50,00,000	1,50,00,000
Net charge on account of the Bengal Nagpur and the Indian Midland Railways shown in the Railway Revenue Account	17,32,320	2,61,360	14,14,800	11,04,000	...	...
TOTAL EXPENDITURE CHARGEABLE TO THE FAMINE GRANT	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000

185. As explained in paragraph 116, it has been decided that, with effect from the current year, the excess of the interest charges of the Bengal Nagpur

and Indian Midland Railways over their net earnings is not to be taken against the Famine Insurance Grant. As the four Protective railways in Madras are approaching completion, it is proposed to increase the expenditure on Protective Irrigation Works considerably next year. The expenditure on Famine relief works is provided for in Bombay and Madras to relieve distress due to the failure of the autumn and winter rains in Gujerat and the Deccan district. The balance which accrues, after meeting these various needs, is, as usual, devoted to Reduction or Avoidance of Debt.

RAILWAY REVENUE ACCOUNT.

	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised	
	R	R	R	R	R	R
STATE RAILWAYS—						
Gross Receipts .	28,91,58,390	28,70,64,842	30,86,48,869	30,87,13,000	34,28,23,000	34,36,04,000
Working Expenses .	14,23,85,017	14,74,08,163	15,56,72,365	15,84,59,000	16,62,97,000	16,85,54,000
Net Receipts .	14,67,73,373	13,96,56,679	15,29,76,504	15,02,54,000	17,65,26,000	17,50,50,000
Net Revenue equivalent at R15 = £1 .	9,784,892	9,310,445	10,198,433	10,017,000	11,768,400	11,670,000
Interest and other Charges—						
India converted at R15 = £1 .	3,223,480	3,346,997	3,526,753	3,750,300	3,737,100	3,942,700
England .	5,406,829	5,511,831	5,557,330	5,622,000	5,624,100	5,761,100
Net Result .	1,154,583	451,617	1,114,350	644,700	2,407,200	1,966,200
GUARANTEED RAIL- WAYS—						
Net Traffic Receipts converted at R15 = £1 .	914,989	946,182	941,463	988,300	1,093,600	900,000
Surplus Profits, In- terest and other Charges—						
India converted at R15 = £1 .	154,673	90,884	117,311	134,300	139,900	174,300
England .	1,009,544	1,026,892	1,032,772	1,056,100	1,045,100	1,039,000
Net Result .	—249,228	—171,594	—208,620	—202,100	—91,400	—313,300
Other Receipts .	33,753	50,062	39,812	46,600	48,800	49,500
Other Charges .	92,492	101,136	84,873	135,000	110,100	138,200
STATISTICS—						
State Railways—						
Capital Expenditure to March 31—						
Expenditure by Government .	114,330,144	117,729,962	122,406,787	127,379,662	127,700,887	135,928,287
Expenditure by Companies .	36,590,076	38,699,861	40,392,021	41,821,161	41,701,121	42,844,221
Outlay on the East Indian Railway from Debentures raised by the Company .	4,328,351	5,630,490	5,630,490	6,830,490	6,194,090	8,193,790
Outlay on the South Indian Railway by the Company .	1,001,250	1,001,250	1,001,250	1,451,250	1,401,250	1,512,250
TOTAL .	156,249,821	163,061,563	169,430,548	177,482,563	176,997,348	188,478,548
Miles open on April 1 .	19,295	19,380	20,119	20,767	20,744	20,347*
Guaranteed Rail- ways—						
Miles open on April 1 .	1,305	1,334	1,349	1,409	1,408	1,408

* Decrease due to the transfer of the main line of the Bengal North-Western Railway from this head as explained in paragraph 140.

186. The Revised Estimate of net receipts from State Railways in 1904-1905 is better than the Budget Estimate by R2,62,72,000 or £1,751,400, the

gross receipts having exceeded expectation by R3,41,10,000 and working expenses necessary in connection therewith by R78,38,000. Details of the most important variations are given in paragraph 111 above.

The dominating features of the year are an exceptionally heavy export traffic in wheat on the North-Western Railway, and a large pilgrim and coal traffic on the East Indian Railway, while the earnings of the Great Indian Peninsula Railway have been swollen by a favourable cotton crop.

187. The estimate of net receipts from State Railways in 1905-1906 is placed at R14,76,000 (£98,400) below the Revised Estimate of 1904-1905, but the comparison is affected by the inclusion in the Budget figures of the net receipts of the Bombay, Baroda and Central India Railway for the last three months of the official year as explained in paragraph 140. Allowing for this, the real decrease below the Revised Estimate is R38,26,000 or £255,100. The estimate of receipts allows for normal expansion of traffic and for development of traffic on extensions recently opened ; but assumes that, owing to damage done to wheat and other crops by the recent frost and rains, the very high rate of increase recently obtained on the North Western Railway and some other lines will not be maintained. Working expenses follow the receipts ; but it has also been found necessary to provide for special renewals of permanent way and rolling-stock, and for repairs to flood damages in continuation of those undertaken in the current year. The increase in Interest and other charges in India is due to the progress of capital outlay, and that in England chiefly to further receipts of capital from Railway Companies. As a result of these increases, the estimated net gain from the working of State Railways in 1905-1906 is less by £441,000 than in the Revised Estimate for 1904-1905, but greater by £1,321,500 than in the Budget for that year.

The principal modifications allowed for in the estimates of net receipts have been specified in paragraph 141.

188. The Revised Estimate of net receipts from Guaranteed Railways shows an improvement of £105,300 compared with the original estimate, due chiefly to a large increase in goods traffic on the Madras Railway and in passenger traffic on the Bombay, Baroda and Central India Railway, partly counteracted by an increase in working expenses. In the Budget Estimate for 1905-1906 the nominal decrease of £193,600, compared with the Revised Estimate, is due, as explained in paragraph 140, to the inclusion of the net receipts of the Bombay, Baroda and Central India Railway for the last three months of the year under State Railways. The increase in the Budget Estimate for 1905-1906 under Surplus Profits, Interest and other charges in India is due to the transfer of the net credit for Government supervision and control from this head to "Other Charges."

IRRIGATION.

IRRIGATION.	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
MAJOR WORKS.	R	R	R	R	R	R
Revenue { Direct Re-	2,33,93,665	2,72,44,019	2,88,00,449	2,87,25,000	2,97,52,000	2,95,84,000
{ cepts .						
{ Land Reve-	1,22,00,957	1,22,15,889	1,25,57,090	1,32,67,000	1,29,05,000	1,37,38,000
{ nue .						
Expendi- { Working	1,05,28,805	1,13,19,158	1,21,61,268	1,23,18,000	1,31,01,000	1,28,12,000
ture { Expenses	1,41,61,844	1,45,36,567	1,49,13,519	1,53,52,000	1,52,38,000	1,57,25,000
{ Interest .						
NET .	+ 1,09,03,973	+ 1,36,04,183	+ 1,42,82,752	+ 1,43,22,000	+ 1,43,18,000	+ 1,47,85,000
MINOR WORKS.						
Receipts—Direct	24,68,966	20,74,935	23,18,910	24,53,000	28,11,000	25,07,000
Expenditure .	1,07,79,865	1,27,72,936	1,31,25,317	1,29,47,000	1,38,31,000	1,48,64,000
STATISTICS OF MAJOR WORKS.						
Capital Outlay to						
March 31 .	35,93,76,519	36,95,61,658	37,93,59,394	38,41,68,720	38,76,02,894	40,55,27,894

189. The net receipts under Major Works are almost the same in the Revised Estimate for 1904-1905 as in the Budget. Explanation of the principal variations has been given in paragraphs 100, 112 and 117.

In 1905-1906, the Direct receipts are expected to be less than in the Revised Estimate of the current year (paragraph 142), and the interest charges have increased with the amount of the productive debt. On the other hand, Land Revenue (Irrigation) receipts are larger and working expenses less, and the net result is an increase in receipts by ₹4,67,000.

190. As regards "Minor Works" the increase of ₹3,58,000 under receipts in the Revised Estimate occurs in nearly all the provinces. The decrease of ₹3,04,000 in the Budget for 1905-1906, as compared with the Revised Estimate, occurs mainly in the Punjab, Bengal and the United Provinces.

The variations in expenditure, and the addition of 10 lakhs from Imperial revenues in 1905-1906, have already been noticed in paragraphs 117 and 161.

OTHER PUBLIC WORKS.

EXPENDITURE.	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
	₹	₹	₹	Budget. ₹	Revised. ₹	₹
India—						
Military Works .	1,39,52,561	1,55,10,922	1,47,25,195	1,55,84,000	1,40,34,000	1,69,12,000
Civil Works, Imperial .	66,37,813	72,01,046	86,48,595	97,37,000	97,99,000	94,07,000
Civil Works, Provincial .	3,01,94,023	3,52,06,548	4,00,31,031	4,41,26,000	4,11,37,000	4,60,97,000
Civil Works, Local .	1,66,08,290	1,81,65,666	1,89,73,803	2,07,64,000	2,01,73,000	2,62,37,000
TOTAL INDIA .	6,73,92,687	7,60,84,182	8,23,78,624	9,02,11,000	8,51,43,000	9,86,53,000
England—						
Military Works .	₹ 34,612	₹ 62,607	₹ 52,974	₹ 17,700	₹ 52,000	₹ 21,600
Civil Works .	105,176	107,562	92,026	90,800	76,600	87,500
TOTAL ENGLAND .	139,788	170,169	145,000	108,500	128,600	109,100
RECEIPTS.						
India ₹	67,63,743	68,73,931	79,39,985	68,04,000	76,63,000	72,97,000
England £	28,649	28,679	26,171	26,800	24,300	17,000

191. The Military Works expenditure of the current year in India is expected to be less than the Budget Estimate by ₹15,50,000, owing partly to the transfer of ₹5,15,000 to the grant for Expenditure in England upon stores and partly to inability to spend the full allotment. The Budget Estimate for next year has been fixed at ₹1,72,36,000 for India and England, and is made up as follows :—

	₹
Fixed quinquennial grant	93,53,000
Large works costing over ₹50,000 and schedule items	43,55,000
Reorganisation	35,28,000
	<u>1,72,36,000</u>

192. The Revised Estimate of Provincial and Local Civil Works shows a decrease of ₹35,80,000 as compared with the Budget, due chiefly to the special grants provided in the Budget Estimate not being fully utilised in the Punjab, Madras, and Berar, and to a less extent in some of the other provinces. The most notable of these items is ₹20,00,000 provided for the Simla Improvement scheme, of which only ₹1,25,000 will be spent during the year. The Provincial and Local Civil Works Budget for 1905-1906 is ₹74,44,000 in excess of that of the current year. Of the excess, ₹56,53,000 represents expenditure provided out of the special grants to District Boards referred to in paragraph 126. The flourishing condition of the provincial finances in Burma, and the special grants made to some of the Local Governments in connection with their new settlements and for other special purposes have also enabled them to provide for considerable additional expenditure next year. On the other hand, there is a considerable reduction in the allotment made in the United Provinces.

FINANCIAL STATEMENT OF THE

ARMY SERVICES.

EXPENDITURE.	Accounts, 1901-1902.	Accounts, 1902-1903.	Accounts, 1903-1904.	1904-1905.		1905-1906, Budget.
				Budget.	Revised.	
INDIA—	R	R	R	R	R	R
<i>Effective Services—</i>						
Regimental Pay and Allowances.	7,85,63,254	8,25,96,895	8,85,44,754	9,84,04,000	9,76,37,000	9,84,97,000
Supply and Transport . . .	4,09,64,916	4,19,46,895	4,19,01,868	4,24,34,000	4,18,83,000	4,36,97,000
Ordnance . . .	96,46,625	1,12,99,554	1,09,25,486	1,25,73,000	1,21,47,000	1,30,52,000
Other Heads . . .	3,22,11,150	3,51,55,659	4,13,42,750	3,95,67,000	4,47,12,000	3,51,87,000
	16,13,85,945	17,09,99,003	18,27,14,858	19,29,78,000	19,63,79,000	19,10,33,000
<i>Non-effective Services</i>	93,27,144	98,37,015	1,00,92,048	98,37,000	1,00,05,000	1,00,25,000
<i>Reorganisation</i> . . .	...	...	...	...	73,73,000	85,36,000
TOTAL INDIA . . .	17,07,13,089	18,08,36,018	19,28,06,906	20,28,15,000	21,37,57,000	20,95,94,000
ENGLAND—	£	£	£	£	£	£
<i>Effective Services—</i>						
Payments to War Office in respect of British Forces serving in India.	64,010	851,993	627,109	556,000	644,600	646,000
Furlough Allowances and Pay during Voyage of British Forces serving in India .	94,074	112,750	141,132	113,000	138,000	126,000
Furlough Allowances of Officers of the Indian Service . . .	216,620	250,605	261,115	240,000	270,000	250,000
Indian Troop Service . . .	196,521	345,499	360,039	333,800	379,000	321,300
Other Heads . . .	32,590	75,062	55,285	53,000	63,000	61,000
Stores for India—						
Clothing . . .	191,178	183,149	238,956	233,600	198,100	203,300
Ordnance and Miscellaneous .	1,147,238	1,015,005	795,670	1,529,300	1,140,000	527,100
Other Heads . . .	90,029	92,795	139,474	100,900	104,300	123,100
	2,032,260	2,926,858	2,618,780	3,159,600	2,937,000	2,257,800
<i>Non-effective Services—</i>						
Payments to War Office for Retired Pay, etc., of British Forces for services in India.	554,562	615,037	659,895	716,800	715,800	725,000
Pay and Pensions of Non-effective and Retired Officers of the Indian Service .	1,650,391	1,602,887	1,580,924	1,560,000	1,545,000	1,530,000
Other Heads . . .	145,846	145,875	151,816	157,300	166,500	161,000
	2,350,799	2,363,799	2,392,635	2,434,100	2,427,300	2,416,000
<i>Reorganisation—</i>						
Stores for India . . .	...	...	...	...	700,000	1,635,600
TOTAL ENGLAND . . .	4,383,059	5,290,657	5,011,415	5,593,700	6,064,300	6,309,400
RECEIPTS—	R	R	R	R	R	R
India . . .	1,05,12,361	1,09,79,881	95,85,634	80,59,000	86,54,000	89,80,000
	£	£	£	£	£	£
England . . .	276,765	392,998	450,386	362,400	385,100	328,900

193. The variations in the receipts and ordinary expenditure, both in India and England, between the Budget and Revised Estimates of the current year

have been explained in paragraphs 98, 99, 114, and 118. The following are the more important items of expenditure included under the head Reorganisation in the Revised Estimate in India—

Supply and Transport—Additional mule corps and cadres; local stores for 40 additional field hospitals; and mobilisation equipment.

Remounts—Increase in the reserve of horses.

Clothing—Clothing for general and field hospitals.

Ordnance—Materials for manufacture of 303 ammunition; ordnance stores for 40 additional field hospitals; mobilisation equipment and completion of the four existing ordnance field parks.

The £700,000 in the Revised Estimate under Reorganisation in England represents the cost of rifles, guns, ammunition and ordnance and other stores ordered from England this year.

194. The following table gives a comparison of the Budget Estimates of 1904-1905 with those of 1905-1906, for the whole Military expenditure of India, both in this country and in England, under all the heads of account under which it is charged :—

	Ordinary Expenditure.	Reorganisation.	Special measures.	Special services.	TOTAL.
	R	R	R	R	R
Budget, 1904-1905— India—					
Army	19,45,09,000	...	34,16,000	48,90,000	20,28,15,000
Military Works	95,47,000	...	60,37,000	...	1,55,84,000
Marine	35,42,000	...	27,000	6,80,000	42,49,000
Special Defences	...	...	16,00,000	...	16,00,000
TOTAL	20,75,98,000	...	1,10,80,000	55,70,000	22,42,48,000
Converted at R15=£1	£ 13,839,800	...	£ 738,700	£ 371,400	£ 14,949,900
England—					
Army	4,593,700	...	992,100	7,900	5,593,700
Military Works	17,700	...	...	...	17,700
Marine	170,200	...	110,000	...	280,200
Special Defences	...	...	150,000	...	150,000
Total England	4,781,600	...	1,252,100	7,900	6,041,600
Total India and England	18,621,400	...	1,990,800	379,300	20,991,500
Budget, 1905-1906— India—					
Army	19,70,11,000	85,36,000	25,82,000	14,65,000	20,95,94,000
Military Works	90,29,000	35,28,000	43,55,000	...	1,69,12,000
Marine	38,12,000	...	2,000	1,81,000	39,95,000
Special Defences	...	...	11,73,000	...	11,73,000
TOTAL	20,98,52,000	1,20,64,000	81,12,000	16,46,000	23,16,74,000
Converted at R15=£1	£ 13,990,100	£ 804,300	£ 540,800	£ 109,700	£ 15,444,900
England—					
Army	4,662,900	1,635,600	10,900	...	6,309,400
Military Works	21,600	...	...	...	21,600
Marine	181,600	...	100,000	...	281,600
Special Defences	...	...	175,000	...	175,000
Total England	4,866,100	1,635,600	285,900	...	6,787,600
Total India and England	18,856,200	2,439,900	826,700	109,700	22,232,500

195. The increase in total expenditure in 1905-1906 is entirely due to reorganisation. The variations in the ordinary expenditure have been explained in Section III. The chief objects upon which the Reorganisation grants for next year are expected to be spent are as follows :—

INDIA.

Army.

Additional mule corps, and mule cadres.
Increase in the reserve of horses.
Native troops' lines and land.
Increase in reserves of small arm ammunition.
Rearmament of horse and field artillery.
Increase to reserve of rifles.
Provision of G. S. wagons for artillery ammunition.
Mobilisation equipment for units.
Change of administration in Supply and Transport Corps.
Provision of additional army transport carts.
Carts for 8 cavalry brigade ammunition columns and 8 divisional ammunition columns.

Military Works.

Construction of buildings for storing increase in reserves of artillery ammunition.
Construction of buildings in connection with the redistribution of the army.

ENGLAND.

Increase in reserves of artillery ammunition.
Increase in reserves of small arm ammunition.
Rearmament of horse and field artillery.

196. The principal grants for special measures in India under Army and Military Works are for the purposes shown below. Under Marine, provision has been made in England for a ship required to replace the R. I. M. vessel *Canning*.

Army.

Formation of a Pioneer battalion of Hazaras.
Establishment of new and extension of existing dairies.
Personnel, labour and local stores for Cordite, Rifle, etc., factories.

Military Works.

Central Gun Carriage Factory, Jubbulpore.
Rifle Factory, Ishapur.
Stock and Cartridge Metal Rolling Mills, Ishapur.
Electric installation for lighting and punkha pulling.
Staff College, Quetta.
Lansdowne-Dogadda cart road.
Water-supply of Umballa and Secunderabad buildings, and railway sidings for the arsenal at Kirkee.

Section V.—Capital Expenditure on Railways and Irrigation Works not charged to Revenue.

RAILWAY CONSTRUCTION.

197. The expenditure on Railway Construction for which the Government of India undertakes financial responsibility or gives any direct guarantee is now estimated at ₹11,21,69,000 in 1904-1905 and at ₹12,50,00,000 in 1905-1906, against ₹9,57,06,265 in 1903-1904, and ₹12,00,00,000 in the Budget Estimate of the current year, inclusive of ₹60,00,000 for the purchase of four branch railways. During the course of the year, however, a sum of ₹25,00,000 was transferred from head 49.—Irrigation, and the total grant for the year was thus raised to ₹12,25,00,000. The lapse of ₹1,03,31,000 is due to short outlay in England against some of the amounts placed at the disposal of the Secretary of State and Companies' Boards for the purchase of rolling-stock

and stores. This was largest in the case of the East Indian, Madras, Southern Mahratta, and Bombay, Baroda and Central India Railways. It was partly compensated for by increased outlay in India, and by the commencement of construction work on the Rameswaram Extension of the South Indian Railway. The grant of Rs 12,50,00,000 for 1905-1906 is inclusive of a regrant of 50 lakhs out of the lapses of 1904-1905.

198. The distribution of the total expenditure on Railway Construction between State and Companies' agency in each of the three years from 1903-1904 to 1905-1906 is as follows :—

	Accounts, 1903-1904.	Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
<i>Expenditure in England.</i>	£	£	£
1. State Lines	1,301,774	1,509,000	2,346,000
2. Old Guaranteed Railways	437,172	329,500	493,700
3. Extensions of ditto	54	1,500	...
4. Other Guaranteed or Assisted Railways	832,031	763,700	648,900
TOTAL	2,571,031	2,603,700	3,488,600
<i>Equivalent in rupees of Expenditure in England.</i>	₹	₹	₹
1. State Lines	1,95,26,605	2,26,35,000	3,51,90,000
2. Old Guaranteed Railways at contract rates	57,17,811	39,82,000	58,91,000
3. Extensions of ditto at prescribed rates	807	23,000	...
4. Other Guaranteed or Assisted Railways at contract rates	1,24,80,459	1,14,56,000	97,34,000
TOTAL	3,77,25,682	3,80,96,000	5,08,15,000
<i>Expenditure in India.</i>			
1. State Lines	4,84,99,967	6,91,77,000	6,77,40,000
2. Old Guaranteed Railways	—35,97,070	—30,64,000	—9,91,000
3. Extensions of ditto	1,46,750	—54,000	50,000
4. Other Guaranteed or Assisted Railways	1,29,02,320	79,45,000	73,52,000
5. Branch Lines on firm guarantee	28,616	69,000	34,000
TOTAL INDIA	5,79,80,583	7,40,73,000	7,41,85,000
TOTAL OF PROGRAMME	9,57,06,265	11,21,69,000	12,50,00,000

199. The figures in the above table do not include the expenditure on Protective Railways met from the Famine Insurance grant, nor of Branch Line Companies not in receipt of a direct guarantee, nor that of other Companies whose transactions are outside the Government accounts. Including this expenditure, and also the expenditure from Provincial and Local Revenues and from loans raised by Local Boards for local lines, the total expenditure on Railway Construction in the three years is as follows :—

	Accounts, 1903-1904.	Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
	₹	₹	₹
Total as in preceding table	9,57,06,265	11,21,69,000	12,50,00,000
Famine Protective lines	14,49,083	19,53,000	5,26,000
Branch lines not on firm guarantee	1,89,719	1,12,000	1,18,000
Railways outside the Government account	62,80,366	1,04,41,000	96,79,000
Provincial and Local State lines	3,98,248	1,01,000	12,04,000
GRAND TOTAL	10,40,23,681	12,47,76,000	13,65,27,000

200. Details of the expenditure on State and Companies' lines, whether open or under construction, for 1904-1905 and 1905-1906, will be found in statement A of Appendix III, furnished by the Railway Board.

FINANCIAL STATEMENT OF THE

Irrigation Construction.

201. The figures are :—

Accounts, 1903-1904.	Budget, 1904-1905.	Revised, 1904-1905.	Budget, 1905-1906.
R	R	R	R
76,18,475	1,25,00,000	60,38,000	1,25,00,000

Of the original Budget grant of R1,25,00,000 for 1904-1905, a sum of R25,00,000 was transferred during the year to "48.—State Railways," and a further sum of R14,00,000 was surrendered, leaving the grant at R86,00,000, against which the Revised Estimate is placed at R60,38,000.

The Budget grant for 1905-1906 has been fixed at R1,25,00,000.

202. The following table shows the projects included in the present programmes of 1904-1905 and 1905-1906, and the amounts to be spent on each :—

Name of project.	Expenditure in	
	1904-1905.	1905-1906.
<i>Canals in operation—</i>	R	R
Mandalay Canal	1,75,000	56,000
Ganges "	2,30,000	4,06,000
Lower Ganges Canal	3,50,000	5,47,000
Fatehpur Branch, Lower Ganges Canal	60,000	65,000
Eastern Jumna Canal	2,30,000	2,20,000
Western " "	20,000	33,000
Bari Doab "	2,50,000	2,40,000
Sirhind Canal	50,000	1,00,000
Chenab "	1,50,000	5,50,000
Upper Chenab Canal	30,000	15,00,000
Jhelum "	10,80,000	19,00,000
Upper Jhelum "	30,000	14,50,000
Indus Inundation Canals	5,00,000	6,48,000
Godavery Delta	1,70,000	2,33,000
Kistna "	5,00,000	4,24,000
Penner River Canals	60,000	1,10,000
Cauvery Delta	1,50,000	2,18,000
Periyar Project	1,20,000	1,38,000
Desert Canal	18,000	4,000
Eastern Nara Works	70,000	43,000
Jamrao Canal	—1,52,000	11,000
<i>Canals under construction—</i>		
Shwebo Canal	6,78,000	7,40,000
Mon Canals	3,77,000	8,01,000
<i>Other Projects</i>	8,92,000	14,34,000
<i>Reserve</i>	...	6,29,000
TOTAL	60,38,000	1,25,00,000

Section VI.—Provincial Finance.

Features of new settlements with Bombay and the Punjab.

203. The system of *quasi*-permanent settlement described in paragraphs 211 to 213 of the last Financial Statement has been extended to Bombay and the Punjab; the new settlements with these provinces will take effect from the ensuing year. The principles followed are generally the same as those adopted for the four provinces dealt with last year, but the following modifications have been found necessary :—

Bombay.—The Provincial share of revenue under the principal divisible heads has been raised to one-half, except under Registration, which has, as in Madras and Bengal, been made a wholly Provincial head. The alteration of expenditure under the corresponding heads follows that of receipts, save that under 3.—Land Revenue, the expenditure, which represents the cost of the ordinary district administration, has been made wholly Provincial. The Local Government has also been given an interest in Irrigation works by

provincialising half the revenue and expenditure (including interest on debt) under the Irrigation heads. The Government of India have likewise agreed that if in any year the Provincial share of Land Revenue (divided portion) should fall below 1,89½ lakhs, the deficit shall be made good from Imperial resources. The Government of India have also undertaken to secure the Province from loss in connection with the project for irrigating territory in Baluchistan from Bombay, if and when this is carried out.

Finally, the fixed assignment, which has been largely added to, is to be further increased when the division of the Khandesh district, and the revision of the Sind Sadar court are carried out. A sum of ₹50,000 has been provided for these purposes in the ensuing Budget.

Punjab.—The Provincial share of Revenue has been raised to $\frac{3}{8}$ under Land Revenue, to the whole under the head Registration, and to one-half under the remaining divided heads. On the expenditure side the proportions are the same, except that the head 3.—Land Revenue will be wholly Provincial. The scope of the settlement has also been enlarged by the provincialisation of three-eighths of the revenue and expenditure (including interest) under Major Irrigation works. The Government of India have also agreed that if the net revenue from Irrigation, after deducting the Provincial share of the interest charge, should fall below 28 lakhs, the deficit will be made up from Imperial resources.

204. Both these provinces have suffered severely from famine and plague, and during the last few years their finances have been in constant deficit, necessitating large grants from Imperial revenues to secure nominal equilibrium. The new settlements have accordingly been framed on a very liberal basis, and the fixed assignments to the two Governments have been increased by ₹53,43,000 per annum, namely, ₹36,92,000 in the case of Bombay and ₹16,51,000 in the case of the Punjab.

The shares of growing revenue and the fixed assignments from Imperial to Provincial stand as follows:—

	Bombay.	Punjab.
	R	R
Growing revenue	4,48,98,000	2,46,50,000
Fixed assignment	42,77,000	3,00,000
TOTAL .	4,91,75,000	2,49,50,000

The following table shows the share of the average annual increment of revenue which would accrue to Provincial revenues, calculated on the basis of the figures for the years 1887-1888 to 1895-1896 (which is here taken as the last normal year) in the case of Bombay, and 1892-1893 to 1903-1904 in the case of the Punjab:—

	Under the old Settlement.	Under the new Settlement.
Bombay	6,30,000	8,55,000
Punjab	3,08,000	6,78,000

In other words, out of the annual increment of revenue of the two Provinces taken together, the Supreme Government will receive ₹5,95,000 less than they have hitherto done. On the other hand, owing to larger provincialisation of expenditure, the Government of India will have to bear ₹2,21,000 less of the average annual increment under charges. On the whole, therefore, the net loss to the Supreme Government by sacrifice of annual increment of revenue is ₹3,74,000. As a result of the changes above described, Bombay will now receive 59 per cent and the Punjab 33·7 per cent of the net average annual increment of revenue under the divided heads including Irrigation.

205. Finally, in order that the Local Governments may start the new settle-
ment under favourable conditions, the Government of India have sanctioned an initial lump grant of ₹50,00,000 in each case. These sums are intended *inter alia* to cover all future plague charges.

*Additional grants
made to major
Provinces in
previous years.*

206. The only major provinces in which the new scheme of *quasi*-permanent settlement now remains to be introduced are the Central Provinces and Burma, and the case of the Central Provinces will be taken up during the current year.

207. Of the recurring grants to Provincial Governments for education and improvement of district administration, shown in paragraphs 223 and 226 of last year's Statement, those to the Central Provinces (3·9 lakhs), to Burma (4 lakhs), to the Punjab (6·41 lakhs) and to Bombay (9·5 lakhs) continued to be paid during the current year, the remainder being merged in the new settlements with Assam, Bengal, the United Provinces and Madras. In the coming year the above grants to the Punjab and Bombay will merge in the fresh settlements with those provinces, leaving only the grants to Burma and the Central Provinces still outstanding.

*Principal
Fresh grants
in 1905-1906.*

208. On the other hand, as explained in paragraphs 126 and 156, considerable recurring grants have been made to the provinces in the next year for the reform and development of Police administration, Education and Agriculture, for assignment to District and Local Boards, and to compensate those provinces in which the famine cesses are to be remitted. These payments, which will be made through the adjusting head of Land Revenue, are as follows for each major province :—

PROVINCE.	For Police reform.	For Primary education.	For agricultural development.	For grants-in-aid to District and Local Boards.	In compensation for remission of Famine cesses.
	R	R	R	R	R
Central Provinces including Berar	5,00,000	2,00,000	As yet undistributed.	2,00,000	2,00,000
Burma	5,00,000	2,00,000		4,50,000	...
Assam	50,000	1,00,000		1,50,000	...
Bengal	12,00,000	10,00,000		12,50,000	...
United Provinces	6,50,000	6,00,000		8,00,000	13,30,000
Punjab	5,00,000	3,00,000		6,50,000	6,50,000
Madras	10,00,000	6,00,000		14,00,000	...
Bombay	5,00,000	5,00,000		7,00,000	...
TOTAL	49,00,000	35,00,000	20,00,000	56,00,000	21,80,000

In addition to the above special grants, a grant of 5 lakhs for the improvement of University Education has been distributed as follows in the Revised Estimate of the current year :—

	R
Bengal	2,00,000
United Provinces	1,33,000
Punjab	34,000
Madras	70,000
Bombay	63,000

A similar sum of 5 lakhs will be distributed in 1905-1906.

*Other
assignments.*

209. The assignments to Provincial Governments in compensation for their diminished receipts by the exclusion of incomes between Rs 500 and Rs 1,000 from Income Tax in 1903-1904, will, in the coming year, be merged in the new settlements in the case of all the major provinces except the Central Provinces and Burma. In Burma the compensation amounts to Rs 97,000 and in the Central Provinces to Rs 30,000. The Central Provinces also obtains Rs 35,000 as contribution for the Provincial share of the Pandhri Tax abolished in 1902-1903, and Rs 2,20,000 for extra expenditure consequent on the addition of Berar to this Administration. Bengal receives Rs 4,31,000 as special contribution towards the improvement of the Port of Chittagong, in addition to Rs 75,000 allotted for this purpose in the Revised Estimate. Madras receives Rs 6,26,000 in the Revised Estimate, and Rs 7,00,000 in the Budget for 1905-1906, as Imperial contribution towards the improvement of the Madras Harbour.

210. The following table gives the usual information regarding revenue, expenditure, and balances of each province, compared with the standards assumed in the settlements in force in each :—

	Estimate for the old Settlement.	Estimate for the new quasi-permanent Settlement.	ACCOUNTS.		Revised, 1904-1905.	Budget, 1905-1906.
			1902-1903.	1903-1904.		
	1	2	3	4	5	6
CENTRAL PROVINCES—	₹	₹	₹	₹	₹	₹
Balance on April 1, 1902 . . .	...	...	22,43,000	...	...	...
Total Revenue, including adjustments	83,93,000	...	1,02,98,000	1,14,39,000	1,14,92,000	1,28,49,000
Total Expenditure . . .	83,93,000	...	1,02,99,000	1,21,80,000	1,21,93,000	1,28,49,000
Closing Balance . . .	...	...	22,42,000	15,01,000	8,00,000	8,00,000
BURMA—						
Balance on April 1, 1902 . . .	...	...	1,38,17,000	...	...	...
Total Revenue, including adjustments	3,31,33,000	...	3,40,43,000	3,70,48,000	3,85,53,000	4,13,10,000
Total Expenditure . . .	3,31,33,000	...	3,73,30,000	3,90,80,000	4,05,81,000	4,42,62,000
Closing Balance . . .	...	...	1,05,30,000	84,98,000	64,70,000	35,18,000
ASSAM—						
Balance on April 1, 1902 . . .	...	...	6,00,000	...	...	...
Total Revenue, including adjustments	66,43,000	72,07,000	84,16,000	92,84,000	75,84,000	80,30,000
Total Expenditure . . .	66,43,000	72,07,000	74,07,000	81,44,000	77,79,000	77,84,000
Closing Balance . . .	...	...	16,09,000	27,49,000	25,54,000	28,00,000
BENGAL—						
Balance on April 1, 1902 . . .	...	...	49,06,000	...	...	...
Total Revenue, including adjustments	4,43,49,000	4,98,87,000	5,23,92,000	6,33,54,000	5,16,41,000	5,63,70,000
Total Expenditure . . .	4,43,49,000	4,98,87,000	5,17,69,000	5,46,30,000	5,34,08,000	6,06,07,000
Closing Balance . . .	...	...	55,29,000	1,42,53,000	1,24,86,000	82,49,000*
UNITED PROVINCES OF AGRA AND OUDH—						
Balance on April 1, 1902 . . .	...	...	38,80,000	...	...	...
Total Revenue, including adjustments	3,42,62,000	3,66,64,000	3,89,87,000	4,30,39,000	3,73,97,000	3,83,04,000
Total Expenditure . . .	3,42,62,000	3,66,64,000	3,90,51,000	3,93,28,000	3,88,89,000	4,07,71,000
Closing Balance . . .	...	...	38,16,000	75,27,000	60,35,000	35,68,000
PUNJAB—						
Balance on April 1, 1902 . . .	...	...	14,96,000	...	...	...
Total Revenue, including adjustments	1,90,28,000	2,49,50,000	2,24,54,000	2,30,40,000	2,71,32,000	2,67,31,000
Total Expenditure . . .	1,90,28,000	2,49,50,000	2,14,25,000	2,23,65,000	2,23,25,000	3,01,66,000
Closing Balance . . .	...	...	25,25,000	32,00,000	80,07,000	45,72,000
MADRAS—						
Balance on April 1, 1902 . . .	...	...	42,87,000	...	...	...
Total Revenue, including adjustments	3,10,65,000	3,50,48,000	3,64,05,000	4,22,11,000	3,58,29,000	4,03,66,000
Total Expenditure . . .	3,10,65,000	3,50,48,000	3,64,21,000	3,69,70,000	3,77,13,000	4,33,93,000
Closing Balance . . .	...	...	42,71,000	95,12,000	76,28,000	46,01,000
BOMBAY—						
Balance on April 1, 1902 . . .	...	...	58,23,000	...	...	...
Total Revenue, including adjustments	4,16,53,000	4,91,75,000	4,67,70,000	4,60,62,000	5,12,05,000	5,19,95,000
Total Expenditure . . .	4,16,53,000	4,91,75,000	4,91,93,000	4,61,85,000	4,68,72,000	5,50,39,000
Closing Balance . . .	...	...	34,00,000	32,77,000	76,10,000	45,66,000

* Includes ₹50,00,000 held for the Calcutta improvement scheme referred to in paragraph 219 of last year's Statement.

The large excesses of expenditure over revenue in Bengal, the United Provinces, the Punjab, Madras and Bombay are due to partial utilisation of the lump grants given towards the starting of the settlements with these provinces.

Section VII.—Ways and Means.

HOME TREASURY.

211. The following are the details of the transactions of the Home Treasury in the Budget and Revised Estimates of 1904-1905 and in the Budget Estimates of 1905-1906:—

	Budget, 1904-1905.	Revised, 1904-1905.	Budget, 1905-1906.
	£	£	£
Opening Balance	7,003,387	7,294,782	10,338,282
RECEIPTS.			
Permanent Debt incurred for the Redemption of Railway Liabilities	...	...	2,927,400
Capital raised and deposited by Railway Com- panies—			
For Capital outlay	1,252,600	1,467,400	402,600
* For discharge of Debentures	2,070,100	47,100	2,274,800
Deposits and Advances—			
* Gold Reserve Fund	166,800	2,001,200	254,000
* Currency Reserve	...	...	1,333,000
Other items	7,500	16,500	14,300
Remittance Account between England and India—			
Railway transactions	2,453,000	1,781,200	2,114,000
* Remittance of Gold from India for purchase of silver	...	4,492,300	...
Other transactions	504,000	1,015,600	301,000
Total Receipts, excluding Council Bills, Loans, and Opening Balance	6,454,000	10,821,300	9,621,100
DISBURSEMENTS.			
Excess of Expenditure over Revenue	18,435,900	18,801,000	19,262,800
Railway and Irrigation Capital not charged to Revenue—			
Outlay on State Railways and Irrigation Works	1,715,800	1,517,000	2,372,500
Redemption of Railway Liabilities	...	...	3,427,400
Outlay of Railway Companies	1,264,900	1,107,900	1,145,200
* Payments to Railway Companies for dis- charge of debentures	2,070,100	61,200	2,274,800
Permanent Debt discharged	1,002,100	1,002,200	250,000
Temporary Debt discharged	2,000,000	2,000,000	500,000
Deposits and Advances—			
* Gold Reserve Fund	166,800	2,001,200	254,000
* Currency Reserve	...	...	1,333,000
Other transactions	7,900	119,100	3,600
Remittance Account between England and India—			
Railway transactions	2,747,000	2,668,500	1,654,300
* Purchase of silver	...	4,540,000	...
Other transactions	350,600	459,700	408,300
Total Disbursements	29,761,100	34,277,800	32,885,900
Net Disbursements, excluding Council Bills, Loans, and Opening Balance	23,307,100	23,456,500	23,264,800
<i>Financed as follows:</i>			
Council Bills	16,500,000	23,500,000	16,500,000
Permanent Debt incurred	2,500,000	2,500,000	2,000,000
Temporary Debt incurred	2,000,000	500,000	...
Reduction of + or addition to — Cash Balance	+ 2,307,100	—3,043,500	+ 4,764,800
TOTAL	23,307,100	23,456,500	23,264,800
Closing Balance	4,696,287	10,338,282	5,573,482

* The heads marked with an asterisk appear both on the receipt and payment sides. As the receipts and disbursements under each of them are practically equal, they do not affect the Ways and Means of the year to any material extent.

212. Apart from receipts from loans and the sale of Council Bills, the net disbursements of the Home Treasury were taken in the Budget Estimate of the current year at £23,307,100, including £1,002,100 and £2,000,000, respectively, on account of discharge of Great Indian Peninsula Railway debentures and India Bills which fell due during the year. It was anticipated that the net disbursements would be met by the sale of £16,500,000 of Council Bills; the issue of £2,500,000 and £2,000,000 of India Stock and India Bills, respectively; and by drawing upon the cash balance of the Home Treasury to the extent of £2,307,100. The net disbursements are now taken in the Revised Estimate at £23,456,500 or £149,400 more than in the Budget. But, owing to the demand for trade purposes, the sales of Council Bills are expected to exceed the Budget Estimate by £7,000,000, excluding £700,000 appropriated for the remittance to London of a part of the profit on the rupee coinage of the year which has accrued to the Gold Reserve Fund. Of the extra £7,000,000, £1,500,000 has been applied to discharge India Bills for that amount which it was anticipated would be replaced during the year, and the remainder after meeting the increase in the net disbursements, has gone to swell the closing balance of the year which is now estimated at £10,338,282.

213. The increase of £149,400 in the net disbursements is the result of a number of variations. The receipts of fresh capital from Railway Companies, which in the Budget Estimate were taken at £2,900,000, are now estimated at £2,403,700, i.e., £496,300 less than the Budget. There is also an increase of £365,100 in the net expenditure chargeable to Revenue, and of £102,200 in the net disbursements on account of Advances. The payments for the purchase of silver likewise exceeded the value of the gold remitted from India for the purpose by £47,700. On the other hand, there are decreases of £198,800 in the expenditure on State Railways and Irrigation Works not charged to Revenue, and of £260,700 in the net payments to Railway Companies (including Companies working State lines in India) for the purchase of stores, etc. There is also a considerable improvement (£402,500) in the net result of the miscellaneous remittance transactions between England and India: these consist chiefly of miscellaneous payments in England which are transferred to India to be recovered or brought to account and of recoveries in England from the Imperial Government on account of expenditure incurred in India in connection with the Somaliland expedition and for emigration bills, Chelsea out-pensioners and supplies to His Majesty's Navy. The net result of these several factors is an increase of £149,300 which, with a small increase of £100 in the amount of the Permanent Debt discharged, gives the total increase of £149,400 in the net outgoings.

214. The demand for Council Bills and telegraphic transfers has been very large throughout the year and it is expected that the sales of the year will reach £24,200,000. Of this sum, £700,000 has been appropriated, as mentioned above, for the remittance to London of a part of the profit on the rupee coinage of the year which has accrued to the Gold Reserve Fund. The balance of £23,500,000, which has been shown against the item "Council Bills" in the foregoing table, represents the amount of the ordinary drawings of the Secretary of State.

215. The Secretary of State has also received from India remittances of gold on account of the Gold Reserve Fund, in August, September and December 1904. The sale-proceeds of this gold (£1,099,500), as also the remittance by Bills of £700,000 referred to above, have as usual been invested in sterling securities. The balance shown under Gold Reserve Fund in the receipts and disbursements transactions exhibited in the table on the preceding page represents interest on investments already made. Investments on behalf of the Gold Reserve Fund are made in London at the earliest possible date after receipt of the remittances, and do not therefore affect the balances of the Home Treasury otherwise than temporarily.

216. The Budget Estimate, as mentioned above, provided for the issue of £2,500,000 India Stock and £2,000,000 India Bills to discharge Railway debentures and India sterling bills falling due during the year, as well as for advances to Indian Railway Companies under Act 51 Vict., c. 5. There has been a variation from this programme in the issue of India Bills: the new issues have been

restricted to £500,000, and the balance of £1,500,000 has been discharged. This reduction in the amount of the floating debt has been effected without a corresponding increase of the issue of India Stock, the cash balances in India having admitted of the increased drawings of Council Bills.

The sterling loan was announced in April last, tenders being invited for £2,500,000 of 3 per cent India Stock at a minimum rate of 94½ per cent. The applications received amounted to £12,059,600, and the average rate of accepted tenders was £95-18-6. The issue of India Bills was made in May 1904 for a period of twelve months. The aggregate amount tendered was £3,331,000, and the average rate of interest payable on the £500,000 accepted was £2-11-0 per cent per annum.

217. The details of the transactions under capital raised and deposited by Railway Companies are as follows:—

1904-1905.
Capital raised
and deposited by
Railway
Companies.

	RECEIPTS.	Budget, 1904-1905.	Revised, 1904-1905.
<i>Subscribed Capital.</i>			
To discharge debentures—	£	£	
Bengal Nagpur Railway	25,000	...	
" " Extensions	375,000	...	
Indian Midland Railway	1,000,000	...	
Rohilkund-Kumaon Railway	147,000	...	
Bombay, Baroda and Central India Rail- way	120,000	...	
Madras Railway	403,100	47,100	
	<u>2,070,100</u>	<u>47,100</u>	
To meet Capital outlay—			
Bengal Nagpur Railway	...	200,000	
" " Extensions	...	800,000	
Bombay, Baroda and Central India Rail- way	500,000	...	
Madras Railway	750,000	454,200	
	<u>1,250,000</u>	<u>1,454,200</u>	
Miscellaneous (Transfer fees, etc.)	2,600	13,200	
TOTAL RECEIPTS	<u>3,322,700</u>	<u>1,514,500</u>	
ISSUES.			
For Discharge of Debentures	2,070,100	61,200	
For Capital outlay, i.e., Stores, Establishment Charges, etc.	1,264,900	1,107,900	
TOTAL ISSUES	<u>3,335,000</u>	<u>1,169,100</u>	

The conditions obtaining in the London money market have not been favourable for the raising of fresh capital by Railway Companies: £2,023,000 of Railway debentures which matured during the course of the year have therefore been renewed instead of being discharged in accordance with the Budget programme. The discount paid on renewal amounted to £14,100. The Madras Railway Company alone paid off £47,100 of debentures. The total issues for capital outlay are £157,000 less than the Budget Estimate.

218. The Railway Companies whose transactions are dealt with above have separate capital deposit accounts in England, and funds raised and withdrawn by them in England are brought directly to account in the Home Treasury. There are, however, other Companies which work railways that are the property of the State, namely, the East Indian, the South Indian, the Great Indian Peninsula, the Bengal and North-Western and the Rajputana-Malwa Railways. Advances are made to the Companies in England for the purchase of stores, and funds are sometimes raised by them and deposited with the Secretary of State: these deposits and advances, instead of being brought directly to account in England, are treated as remittances from or to India and are brought

1904-1905.
Remittance
Account between
England and
India—Railway
transactions.

to account in this country. The details of the transactions during the current year are as follows :—

RECEIPTS.		Budget, 1904-1905.	Revised, 1904-1905.
<i>Debentures raised—</i>		£	£
East Indian Railway	To replace Debentures	800,000	800,000
South Indian Railway	For additional Capital	1,200,000	563,600
	Ditto	450,000	400,000
		<u>2,450,000</u>	<u>1,763,600</u>
<i>Transfer fees, etc.</i>		3,000	17,600
TOTAL RECEIPTS		<u>2,453,000</u>	<u>1,781,200</u>
ISSUES.			
<i>To replace Debentures—</i>			
East Indian Railway		800,000	800,000
<i>Advances for Purchase of Stores—</i>			
East Indian Railway		750,000	630,800
Rajputana-Malwa Railway		172,000	87,800
South Indian Railway		155,000	127,300
Bengal and North-Western Railway		120,000	117,200
Great Indian Peninsula Railway		750,000	905,400
TOTAL ISSUES		<u>2,747,000</u>	<u>2,668,500</u>

The East Indian Railway issued only £1,500,000 of Debenture Stock instead of the £2,000,000 entered in the Budget Estimate. The net proceeds amounted to £1,363,600.

219. Large purchases of silver for rupee coinage have been made during 1904-1905. the year. The Secretary of State's payments on this account are now estimated at £4,540,000, of which a sum of £4,492,300 has been reimbursed to the Home Treasury by remittances of gold from India. *Purchase of silver and Remittance of gold from India.*

220. In the Budget Estimate of 1905-1906 the net disbursements, exclusive of receipts from Council Bills and Loans, are taken at £23,264,800: of this, £250,000 is for the discharge of Great Indian Peninsula Railway Debentures and £500,000 for the purchase of the Bengal Central Railway. The net outgoings in the Budget Estimate of the current year were £23,307,100: there is thus a decrease of £42,300 next year, the net result of several variations, of which the more important are :— *Budget 1905-1906. Main features.*

<i>Better.</i>	£
Debenture Capital raised by Railway Companies working State Railways (Debentures raised, less £339,000; Debentures discharged, less £799,700), net better	460,700
Issues to Railway Companies for capital outlay, less	119,700
Issues to Railway Companies working State Railways, for capital outlay, less	293,000
Permanent Debt discharged (Great Indian Peninsula Railway Debentures), less	752,100
Temporary Debt discharged (India Bills), less	1,500,000
	<u>3,125,500</u>

<i>Worse.</i>	
Net Expenditure on Revenue Account (Increase due mainly to Army Reorganisation expenditure), more	826,900
Outlay on State Railways and Irrigation Works, more	656,700
Redemption of Railway Liabilities :—	
Purchase of the Bengal Central Railway	500,000
Capital raised by Railway Companies for capital outlay (Debentures raised, less £645,300; Debentures discharged, more £204,700), net worse	850,000
Remittance Account between England and India :—	
Net receipts in England, less (chiefly in recoveries on account of expenditure incurred in India in connection with the Somaliland Force and the war in South Africa, and owing to larger miscellaneous payments in England which are transferred to the Indian books)	260,700

3,094,300

221. Of the net disbursements of £23,264,800 next year, it is proposed to meet £16,500,000 by the sale of Council Bills and £2,000,000 by the issue of India Stock. The remainder, £4,764,800, will be met by drawing upon the cash balance of the Home Treasury which is expected to stand at £10,338,282 at the close of the current year. The cash balance on the 31st March 1906 is therefore estimated at £5,573,482.

The Secretary of State also intends to sell additional Council Bills for £1,333,000, against the Currency Reserve here, for the additional investment of 2 crores of rupees in sterling securities permissible under the new Currency Act just passed. But this does not affect the estimate of Ways and Means either of India or of the Home Treasury.

1905-1906.
Loans.

222. The only temporary Sterling Debt now outstanding consists of India Bills for £500,000, and it is intended to discharge these when they fall due next year. Of the £2,000,000 India Stock which it is at present intended to place upon the market next year, £250,000 is for the discharge of Great Indian Peninsula Railway Debentures which expire on the 30th June 1905, and £500,000 for the purchase of the Bengal Central Railway, it having been decided to acquire the line on the 30th June 1905: the remainder, £1,250,000 will be used for advances to Railway Companies under Act 51 Vic., c. 5, and other purposes.

The Budget Estimate also includes under the head Permanent Debt incurred, £2,927,400 on account of the debenture capital of the Bombay, Baroda and Central India Railway Company. This entry has been made in view of the probability that the Railway will be purchased on the 31st December 1905, in which case the Secretary of State will incur the liability for the discharge of the debentures at maturity. The entry of £3,427,400 under payments against Redemption of Railway Liabilities in the table in paragraph 211 is made up of the two items of £2,927,400 and £500,000 connected with the purchase of this and the Bengal Central Railway.

1905-1906,
Capital of
Railway
Companies.

223. The details of the estimates of capital to be raised by Railway Companies are as follows:—

	To replace Debentures.	Additional Capital.
	£	£
<i>Subscribed Capital of Railway Companies—</i>		
Assam-Bengal Railway	300,000	...
Bengal-Nagpur Railway Extensions	400,000	...
Indian Midland Railway	150,000	...
Southern Mahratta Railway	688,100	100,000
Bombay, Baroda and Central India Railway	636,700	...
Madras Railway	100,000	300,000
	2,274,800	400,000
<i>Transfer fees and miscellaneous refunds</i>	...	2,600
	2,274,800	402,600
<i>Debenture Capital of Companies working (purchased Railways—</i>		
East Indian Railway	300	1,999,700
South Indian Railway	...	111,000
	300	2,110,700
<i>Transfer fees and miscellaneous refunds</i>	...	3,000
TOTAL	300	2,113,700

224. The following are the details of the transactions of the Gold Reserve Fund in England :—

24. The following are the details of the transactions of the Gold Reserve in England :—			1904-1905.	1905-1906.	1904-1905 and 1905-1906. Gold Reserve Fund.
	Budget.	Revised.	Budget		
<i>Receipts.</i>					
(a) Profit on coinage, remitted to England from India—	£	£	£		
By Council Bills	...	700,000	...		
In gold (less charges for re-mittance £6,500)	...	1,095,500	...		
(b) Dividends on investments	166,800	201,700	254,000		
TOTAL	166,800	2,001,200	254,000		
<i>Payments.</i>					
Investments made	166,800	2,001,200	254,000		
<i>Balances.</i>					
Opening Balance—					
Invested	6,376,500	6,376,500	8,377,700		
Uninvested	5,700	167,600	100,300		
Closing Balance—					
Invested	6,543,300	8,377,700	8,631,700		
Uninvested	129,000	100,300	250,300		
Profits on new coinage in India	123,300	1,738,700	150,000		

The Budget, as usual, makes no provision, save in respect of silver already ordered, for profits on coinage, since additional coinage is only undertaken when it becomes manifestly necessary to increase the existing stock of rupees.

225. The following is a summary of the figures relating to Council Bills and the Sterling Debt of Government and of Railway Companies included in the Estimates for 1904-1905 and 1905-1906 :—

	Budget, 1904-1905.	Revised, 1904-1905.	Budget, 1905-1906.	1904-1905 and 1905-1906. Summary of Debt transactions and Capital Account of Railway Companies.
<i>RECEIPTS.</i>				
Council Bills (exclusive of Bills for £700,000 in the Revised Estimate on account of the Gold Reserve Fund, and £1,333,000 in the Budget Estimate of 1905-1906 on account of the Currency Reserve)	16,500,000	23,500,000	16,500,000	
Permanent Debt incurred for the Redemption of Railway Liabilities	...	...	2,927,400	
Permanent Debt incurred (India Stock)	2,500,000	2,500,000	2,000,000	
Temporary Debt incurred (India Sterling Bills)	2,000,000	500,000	...	
Receipts on account of the Subscribed Capital of Railway Companies	3,320,100	1,501,300	2,674,800	
Receipts on account of the Debenture Capital of other Railway Companies (the East Indian and South Indian Railway Companies)	2,451,000	1,763,600	2,111,000	
<i>OUTGOINGS.</i>				
Redemption of Railway Liabilities	...	...	3,427,400	
Permanent Debt discharged	1,002,100	1,002,200	250,000	
Temporary Debt discharged	2,000,000	2,000,000	500,000	
Discharge of Railway Companies' Debentures	2,070,100	61,200	2,274,800	
Discharge of East Indian Railway Company's Debentures	800,000	800,000	300	

226. The programme herein announced of the probable drawings on India, and of the transactions in connection with the Government Sterling Debt and the borrowings of Railway Companies, represents the present intentions of the Secretary of State. But in view of the varying conditions of Indian finance and of the London money market, no assurance can be given that this programme will be adhered to either in amount or in form. The Secretary of State reserves to himself the right to vary the programme to any extent that may be considered necessary during the course of the year.

INDIA.

227. The following is a summary of the Estimates of Ways and Means in India during 1904-1905 and 1905-1906:—

	BUDGET ESTIMATE, 1904-1905.		REVISED ESTIMATE, 1904-1905.		BUDGET ESTIMATE, 1905-1906.	
	Rupee figures.	Equivalent in £ at R15=£1.	Rupee figures.	Equivalent in £ at R15=£1.	Rupee figures.	Equivalent in £ at R15=£1.
RECEIPTS.						
1. Excess of Revenue over Expenditure charged to Revenue	R 29,03,19,000	£ 19,354,600	R 33,42,97,000	£ 22,286,500	R 30,24,99,000	£ 20,166,600
* 2. Capital raised through Companies for outlay on State Railways (net)	2,47,50,000	1,650,000	1,44,54,000	963,600	3,16,61,000	2,110,700
3. Capital raised and deposited by Railway Companies	2,59,000	17,200	1,40,000	9,300	1,52,000	10,100
4. Unfunded Debt incurred, mostly Savings Bank deposits (net)	1,03,22,000	688,100	1,33,53,000	890,200	1,26,98,000	846,500
5. Appropriation for Reduction or Avoidance of Debt	81,91,000	546,100	96,47,000	643,100	55,98,000	373,200
6. Other Deposits and Remittances (net)	5,93,000	39,500	47,69,000	318,000	—3,53,000	—23,500
7. Remittance account between England and India—						
(a) Silver remitted from England	...	...	6,22,29,000	4,148,600	60,50,000	403,300
(b) Transactions of Railway Companies (net) excluding debenture capital	2,91,60,000	1,944,000	2,77,63,000	1,850,900	2,47,65,000	1,651,000
TOTAL RECEIPTS EXCLUDING LOANS.	36,35,94,000	24,239,500	46,66,52,000	31,110,200	38,30,70,000	25,537,900
DISBURSEMENTS.						
8. Capital Expenditure not charged to Revenue—						
(a) State Railways and Irrigation Works	8,14,18,000	5,427,800	7,50,95,000	5,006,300	7,98,43,000	5,322,900
(b) Outlay by Companies (net)	80,27,000	535,000	47,01,000	313,400	66,86,000	445,700
9. Permanent Debt discharged	13,00,000	86,700	13,00,000	86,700	21,50,000	143,300
10. Temporary Debt discharged	50,00,000	333,300	50,00,000	333,300	...	...
11. Balances of Provincial allotments†	1,97,52,000	1,316,800	3,62,000	24,100	2,05,55,000	1,370,300
12. Loans granted and repaid (net)	—1,98,000	—13,100	—29,73,000	—198,100	32,06,000	213,700
13. Remittance account between England and India—						
(a) Gold remitted to England for purchase of silver	...	...	6,73,85,000	4,492,300	...	...
*(b) Capital raised by Railway Companies (net)	2,47,50,000	1,650,000	1,44,54,000	963,600	3,16,61,000	2,110,700
(c) Other transactions (net)	85,90,000	572,700	62,00,000	413,400	—4,85,000	—32,300
14. Council Bills‡	25,15,45,000	16,769,700	34,81,71,000	23,211,400	25,20,54,000	16,803,600
TOTAL DISBURSEMENTS	40,01,84,000	26,678,900	51,06,95,000	34,646,400	39,56,70,000	26,377,900
NET DISBURSEMENTS	3,65,90,000	2,439,400	5,30,43,000	3,536,200	1,26,00,000	840,000
FINANCED AS FOLLOWS:						
Permanent Debt incurred	3,00,00,000	2,000,000	3,00,00,000	2,000,000	4,00,00,000	2,666,700
From Treasury Balances	65,90,000	439,400	2,30,43,000	1,536,200	—2,74,00,000	—1,826,700
TOTAL	3,65,90,000	2,439,400	5,30,43,000	3,536,200	1,26,00,000	840,000
Opening Balance	17,25,00,240	11,500,016	17,80,43,274	11,869,552	15,50,00,274	10,333,352
Closing Balance	16,59,10,240	11,060,616	15,50,00,274	10,333,352	18,24,00,274	12,160,052

* The figures under heads 2 and 13 (b) balance each other.

† Head 11 represents expenditure defrayed by reduction of Provincial and Local balances.

‡ The figures shown under head 14 differ from those given in the Home Treasury Ways and Means statement, as Bills drawn by the Secretary of State towards the end of one year are paid in India in the next. The figures of the present statement represent payments in India.

228. In the Budget Estimate of 1904-1905 it was assumed that the year would open with a cash balance in Indian Treasuries of 17,25 lakhs. It was calculated that the net Revenue receipts would amount to 29,03 lakhs; that the deposits in Savings Banks and Provident Funds would result in the net receipt of 1,03 lakhs; that the net result of the transactions referred to in items 3, 6, and 7(b) of the above table, consisting mainly of advances granted in England to Railway Companies for purchase of stores, would give 3,00 lakhs on the receipt side; and that a sum of 82 lakhs would be available from the Famine Insurance grant for avoidance of debt, after meeting the expenditure required for construction of Protective Works. On the other hand, provision was made (1) for net expenditure from Provincial balances for 1,98 lakhs; (2) for Capital expenditure in India on Railways and Canals, to the extent of 8,94 lakhs; (3) for discharging the temporary debt of 50 lakhs taken from the Gwalior Durbar in January 1904 for the purpose of strengthening the rupee balances, and for the payment of 13 lakhs towards discharge of permanent debt; (4) for 84 lakhs for remittance and other transactions, chiefly payments made in this country on behalf of His Majesty's Government; and (5) for payment of Council Bills for 25,15 lakhs. The payments mentioned aggregate 37,54 lakhs, while the receipts amount to 33,88 lakhs. The deficiency of 3,66 lakhs was proposed to be met (1) by a rupee loan of 3 crores and (2) by drawing on the cash balances to the extent of 66 lakhs.

1904-1905.
Main features.

229. The results according to the Revised Estimate show considerable variations from this forecast. The actual opening balance of the year was 55 lakhs more than the estimate. The excess of revenue over expenditure chargeable to Revenue is now estimated at 33,43 lakhs: the reasons contributing to this large improvement have already been explained in detail in previous sections of this statement. The Provincial balances will be drawn upon to the extent of 4 lakhs only, giving an improvement of 1,94 lakhs, the result partly of increases in Provincial revenue and savings in Provincial expenditure, and partly of the initial contributions aggregating 1,00 lakhs granted to Bombay and the Punjab to start their new settlements. There is likewise an improvement of 30 lakhs in Savings Banks, etc., deposits, and the balance of the Famine Insurance Grant available for the avoidance of debt is 15 lakhs more. Remittances of railway companies [item 7(b) in the last table] and payments on behalf of the Imperial Government and other miscellaneous transactions (items 3, 6, 12, and 13 c) will result in a larger net receipt of 78 lakhs, chiefly in consequence of the conversion into effective coin balances of a portion of the silver bullion left at the Mints at the close of last year, and of smaller payments and larger recoveries on account of loans to Native States, municipalities, cultivators, etc. The capital outlay on Railways and Canals is also expected to be 96 lakhs less than anticipated in the Budget. On the other hand, a large demand for rupees during the year necessitated the remittance of about £4,500,000 in gold to England for the purchase of silver, but the value of silver received in India during the year was 51 lakhs less: the balance will arrive next year. The net result of these variations is an improvement of 8,57 lakhs; but this is more than counterbalanced by a very large increase in the Secretary of State's drawings, the payments of which are now expected to exceed the Budget Estimate by 9,66 lakhs. The year is thus expected to close with a balance of 15,50 lakhs, instead of 16,59 as in the Budget forecast.

230. The demand for Council Bills during the year was even larger than in 1903-1904; and in addition to the 34,82 lakhs shown in the table in paragraph 227 as paid from treasury balances, another 1,05 lakhs was paid from the Gold Reserve Fund for investment in England against 3,30 lakhs so paid in 1903-1904. Taking these transactions into account, the total payments of Council Bills in 1904-1905 exceed those of 1903-1904 by 17 lakhs.

1904-1905.
Council Bills.

1904-1905 and
1905-1906.
Post Office Savings
Banks, etc.

231. The following table gives the details of the transactions of Savings Banks and Provident Funds during a series of years, and the estimated transactions for 1904-1905 and 1905-1906:—

YEAR.	Net additions to deposits, cash.	Interest.	Total addition.
	₹	₹	₹
1892-1893	54,89,000	33,94,000	88,83,000
1893-1894	17,99,000	36,80,000	54,79,000
1894-1895	—8,45,000	29,70,000	21,25,000
1895-1896	24,77,000	33,85,000	58,62,000
1896-1897	—58,11,000	34,66,000	—23,45,000
1897-1898	—65,71,000	32,70,000	—33,01,000
1898-1899	—8,84,000	32,29,000	23,45,000
1899-1900	1,40,000	33,48,000	34,88,000
1900-1901	19,44,000	34,80,000	54,24,000
1901-1902	31,04,000	36,87,000	67,91,000
1902-1903	52,40,000	39,00,000	91,40,000
1903-1904	66,99,000	42,15,000	1,09,14,000
1904-1905 (Budget)	51,05,000	45,45,000	96,50,000
1904-1905 (Revised)	80,47,000	45,98,000	1,26,45,000
1905-1906 (Budget)	70,73,000	48,97,000	1,19,70,000

A net deposit in the Post Office Savings Banks of 40 lakhs apart from interest was assumed in the Budget Estimate of the current year. The transactions of the first eight months of the year have resulted in a net increase in the deposits of more than 82 lakhs. There is some indication that the usual withdrawals in the closing months of the year are likely to be specially heavy owing to the unfavourable conditions now prevailing in several parts of the country; but after making due allowance for this, it is now expected that, apart from interest, there will be a net increase in the deposits of ₹71,08,000 during the year.

In the Budget Estimate for 1905-1906, a net deposit in the Post Office Savings Banks of 60 lakhs apart from interest is anticipated.

1904-1905.
Rupee Loan.

232. In accordance with the intention expressed in paragraph 245 of the last Financial Statement, a $3\frac{1}{2}$ per cent loan of 3 crores was announced in July last. Tenders were opened on the 13th idem and the result of the loan was as follows:—

Total amount tendered.	Amount accepted.	Average rate of accepted tenders.	Minimum rate accepted.
₹	₹	₹ a. p.	₹ a. p.
8,06,54,600	3,00,00,000	97 9 2½	97 7 0

1905-1906.
Main features.

In 1905-1906 the net Revenue in India is calculated at 30.25 lakhs; 56 lakhs are expected to be available out of the Famine Insurance grant for Avoidance of Debt; and Savings Banks deposits are expected to yield a net receipt of 127 lakhs: it has not been considered safe to assume a larger increase in these deposits in view of the unfavourable agricultural outlook in several provinces. 61 lakhs worth of the silver bullion purchased in England this year will arrive in 1905-1906; and the remittances of railway companies and other miscellaneous transactions are estimated to yield a net receipt of 249 lakhs. The receipts from the above sources aggregate 35.18 lakhs. On the other hand, provision has been made (1) for expenditure from Provincial balances of 206 lakhs, (2) for Capital expenditure in India of 865 lakhs, (3) for 9 lakhs for the discharge of Provincial Debenture loans, which fall due during the year, and 12 lakhs for the annual repayment of the Gwalior loan, and (4) of 32 lakhs for loans to Native States, and for cultivators, municipalities, etc. Payments of Council Bills are taken at 25.20 lakhs. The payments mentioned aggregate 36.44 lakhs against a total receipt of 35.18 lakhs, a net excess of 126 lakhs.

1905-1906.
New Rupee Loan.

233. It is also considered necessary to increase the cash balances in India which have been reduced by about 2.30 lakhs during the current year. Having regard to these circumstances, and to the desirability of obtaining as much as possible of the loan capital required for productive works in this country, it is intended to raise a rupee loan in India of 4 crores in 1905-1906. The year is thus expected to close with a cash balance of 18.24 lakhs. The announcement now made regarding the rupee loan is in accordance with the present programme; but full liberty is reserved, as usual, to vary the programme now announced to any extent that may be considered desirable.

Section VIII.—Summary.

234. The principal features in this statement are the following:—

I.—The Accounts of 1903-1904 closed with a surplus of £2,996,400, being £285,200 higher than the surplus expected in the Revised Estimate of that year.

II.—1904-1905—

(1) The Revised Estimates show a total revenue of £84,699,100, a total expenditure charged to Revenue of £81,213,600, and a surplus of £3,485,500. This surplus is higher than that estimated in March 1904 by £2,566,800.

(2) There has again been a large development of revenue in all branches outside Land Revenue, net earnings of Railways and Opium showing the largest increases.

The price of Bengal opium was unexpectedly high and the revenue has exceeded the estimate by £1,088,900.

Railway traffic receipts have also expanded largely, and the net receipts have exceeded the estimate by £1,856,700.

Salt has yielded an increase of £218,400, Stamps of £105,900, Excise of £252,000, Forest of £132,900 and Customs of £444,200.

Interest receipts show an improvement of £100,700.

Land Revenue receipts, including the portion credited to Irrigation, are expected to fall short of the estimate by £652,900, chiefly in Madras and Bombay owing to partial failure of rains.

(3) Army expenditure is expected to exceed the estimate by £1,200,000. The Tibet Mission has cost £380,000 more and Reorganisation £1,191,500, including £500,000 provided in the Budget for new artillery.

The grant of £256,700 for Special Defences has been used only to the extent of £147,900.

Irrigation expenditure shows an increase of £103,400, Stationery and Printing of £67,900, Miscellaneous of £52,000, and Interest charges of £62,100.

Owing to the inability of the Local Governments to expend their full allotments, there are savings under most of the chief administrative heads, the more important being Land Revenue £126,500, Civil Departments £442,100 and Civil Works £248,800.

The profits of rupee coinage have ceased to be shown as Mint revenue and expenditure, and have been credited direct to the Gold Reserve Fund. Mint charges are accordingly less by £111,400. The corresponding deficiency in Mint receipts has been made up by receipts from larger coinage of rupees, 2 per cent on which continue to be shown as Mint revenue.

Telegraph expenditure is also less by £82,600.

Famine relief expenditure was only £8,800 in Bombay.

(4) Special grants, aggregating £666,700, have been made to the Governments of Punjab and Bombay to start their new settlements.

(5) Silver to the value of £4,500,000 was purchased with gold remitted from India—most of this has been coined into rupees.

(6) A loan of three crores of rupees was raised in India; and India 3 per cent stock of £2,500,000 was raised in England of which £1,002,100 was applied to the discharge of Great Indian Peninsula Railway Debentures. £2,000,000 of India Bills, temporary, fell due, of which £1,500,000 were discharged and £500,000 were replaced.

FINANCIAL STATEMENT OF THE

- (7) Fresh capital was raised through Railway Companies to the extent of £2,413,000 as compared with £2,917,200 entered in the Budget.
- (8) The temporary loan of £333,300 obtained from the Gwalior Durbar, in January 1904, to strengthen the rupee balances has been discharged.
- (9) The drawings of Councils in 1904-1905 are expected to amount to £24,200,000. Of this £700,000 represent remittances on account of the Gold Reserve Fund, and £23,500,000 are remittances on ordinary account, as compared with £16,500,000 entered in the Budget.
- (10) In addition to Councils, a sum of £1,099,500 in gold was remitted to the Secretary of State on account of the Gold Reserve Fund.

III.—1905-1906—

- (1) The Budget Estimates of 1905-1906 show a total revenue of £83,433,000, a total expenditure charged to Revenue of £82,529,200 and a surplus of £903,800.
- (2) This surplus is obtained after providing for the following important measures of remission of taxation, administrative reform and economic development.
 - (a) Reduction of the salt duty, except in Burma and on Kohat salt, by eight annas a maund, involving a sacrifice of revenue of £1,220,000. The duty will now stand at Rs 1 a maund in Burma and at Rs 1-8-0 a maund in the rest of India.
 - (b) Remission of famine cess levied in the United Provinces, Punjab, North-West Frontier Province and the Central Provinces. This involves a loss of £151,000.
 - (c) Reduction in postal charges, the letter weight carried for half an anna being raised from half to three-fourths of a tola. This involves a sacrifice of revenue of £47,000.
 - (d) Permanent assignments to Local Governments aggregating £333,400 towards the reorganisation of their police in accordance with the recommendations of the Police Commission.
 - (e) Permanent additions aggregating £233,300 to Provincial Revenues for expenditure on primary education.
 - (f) Additional grants amounting to £133,300 for expenditure on agricultural development.
 - (g) Grants-in-aid aggregating £377,000 to District and Local Boards to the extent approximately of 25 per cent of their receipts from cesses levied on land.

The total cost of these seven measures is estimated at £2,495,000. Under existing conditions the surplus would therefore have been £3,398,800.

- (3) Opium Receipts are estimated at £566,300 less than the Revised Estimate of 1904-1905. The other principal heads of Revenue, except Salt and Provincial Rates which are affected by the reductions of taxation, are expected to yield an increase of £768,600 to which Land Revenue contributes £505,800 and Excise £141,100.
- (4) The Famine Insurance Grant is maintained at £1,000,000, and of this £211,700 is assigned for direct famine relief in Madras and Bombay.
- (5) Army expenditure is expected to be greater than the Budget Estimate of 1904-1905 by £1,167,600. The ordinary expenditure is expected to be less by £1,037,100, including savings of £234,500 on the Tibet and Aden Missions, and £700,000 provided in the previous year for new artillery and rifles. The Re-organisation expenditure is estimated at £2,204,700 under

- Army and £235,200 under Military Works. A sum of £253,200 is also provided for Special Coast Defences.
- (6) Most of the other heads of expenditure show an increase which is due in large part to the employment of the special grants for police and other purposes above referred to.
- (7) The system of *quasi*-permanent Provincial Settlements introduced last year, has been extended to Punjab and Bombay. The revision involves the assignment to the Local Governments of net additional interest in growing revenues amounting to £24,900 and increase under fixed assignments to the extent of £356,200 yearly.
- (8) Subject to the usual reservations, loans of £2,000,000 in England and of 4 crores in India are announced as contemplated. The Sterling Loan is required partly to pay £500,000 for the purchase of the Bengal Central Railway and to pay off £250,000 debentures of the Great Indian Peninsula Railway, and partly for advances to Railway Companies. The Rupee Loan is intended for capital expenditure on Railways and Irrigation Works. The drawings of Council Bills are entered at £16,500,000, exclusive of £1,333,000 from the Currency Reserve for investment in Sterling Securities.
- (9) Subject to the usual reservations, provision is also made for the raising of capital through Railway Companies as follows: namely, (a) for outlay on State Railways £2,110,700, (b) for expenditure on Company's Railways £410,100.
- (10) It is intended to pay off £500,000 of India Bills which will fall due within the year.

IV.—Capital Expenditure.

The following table shows the capital expenditure on Railways and Irrigation Works :—

	Accounts, 1903-1904.	Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
RAILWAYS.	R	R	R
Included in the Government programme	9,57,06,265	11,21,69,000	12,50,00,000
Famine Protective lines	14,49,083	19,53,000	5,26,000
Branch lines not on firm guarantee	1,89,719	1,12,000	1,18,000
Railways outside the Government Account	62,80,366	1,04,41,000	96,79,000
Provincial and Local State lines	3,98,248	1,01,000	12,04,000
TOTAL RAILWAYS	10,40,23,681	12,47,76,000	13,65,27,000
Irrigation Works	76,18,475	60,38,000	1,25,00,000

W. S. MEYER.

March 22, 1905.

APPENDIX I.

ACCOUNTS AND ESTIMATES.

Accounts	1903-1904
Revised Estimates	1904-1905
Budget Estimates	1905-1906

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I.—General Statement of the Revenue and Expenditure charged to

	For details, <i>vide</i> State- ment.	Accounts, 1903-1904.	Budget Estimate, 1904-1905.	Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
Revenue—					
Principal Heads of Revenue—					
		£	£	£	£
Land Revenue	A	19,234,388	19,591,600	18,962,900	19,468,700
Opium	„	5,736,045	4,955,100	6,044,000	5,477,700
Salt	„	5,250,465	5,133,300	5,351,700	4,260,000
Stamps	„	3,580,247	3,637,100	3,743,000	3,807,300
Excise	„	4,980,096	5,050,000	5,302,000	5,443,100
Customs	„	3,966,298	3,917,200	4,361,400	4,364,000
Other Heads	„	6,457,118	6,484,400	6,617,200	6,625,100
TOTAL PRINCIPAL HEADS	...	49,204,657	48,768,700	50,382,200	49,445,900
Interest	A	896,062	769,000	869,700	805,400
Post Office	„	1,507,153	1,495,300	1,590,700	1,608,300
Telegraph	„	857,635	834,400	889,200	909,100
Mint	„	2,884,766	196,100	197,000	105,500
Receipts by Civil Departments	„	1,597,345	1,470,100	1,560,000	1,508,800
Miscellaneous	„	693,977	656,100	684,600	707,200
Railways	„	21,557,866	21,615,800	23,997,300	23,856,400
Irrigation	„	2,911,763	2,963,000	3,031,200	3,055,300
Other Public Works	„	555,503	480,400	535,200	503,500
Receipts by Military Department	„	1,089,428	899,700	962,000	927,600
TOTAL REVENUE	...	83,756,155	80,148,600	84,699,100	83,433,000

H. G. H. KEENE,
Deputy Comptroller General.

Revenue of the Government of India, in India and in England.

	For details, <i>vide</i> State- ment.	Accounts, 1903-1904.	Budget Estimate, 1904-1905.	Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
Expenditure—		£	£	£	£
Direct Demands on the Revenues	B	8,593,755	8,823,300	8,595,800	8,756,800
Interest	”	1,697,627	1,576,300	1,638,400	1,364,900
Post Office	”	1,403,224	1,530,900	1,513,100	1,543,500
Telegraph	”	916,824	997,900	915,300	1,034,400
Mint	”	2,785,585	232,100	120,700	123,300
Salaries and Expenses of Civil Departments	”	11,979,232	12,795,600	12,353,500	13,380,300
Miscellaneous Civil Charges	”	4,349,645	4,179,500	4,272,700	4,275,600
Famine Relief and Insurance	”	905,680	926,400	1,000,000	1,000,000
Railway Revenue Account	”	20,697,197	21,261,600	21,742,800	22,292,200
Irrigation	”	2,680,007	2,707,900	2,811,300	2,893,400
Other Public Works	”	5,663,458	6,143,800	5,811,500	6,659,600
Army Services	”	17,865,208	19,114,700	20,314,700	20,282,300
Special Defences (1902)	”	27,054	256,700	147,900	253,200
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	...	79,564,496	80,546,700	81,237,700	83,899,500
Add—Provincial Surpluses : that is, portion of Allotments to Provincial Governments not spent by them in the year.	End of B	1,381,770	...	623,400	2,500
Deduct—Provincial Deficits : that is, portion of Provincial Expenditure defrayed from Provincial Balances.	”	186,511	1,316,800	647,500	1,372,800
TOTAL EXPENDITURE CHARGED TO REVENUE	...	80,759,755	79,229,900	81,213,600	82,529,200
SURPLUS	...	2,996,400	918,700	3,485,500	903,800
TOTAL	...	83,756,155	80,148,600	84,699,100	83,433,000

A. F. COX,
Comptroller General.

W. S. MEYER,
Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1903-1904.	Budget Estimate, 1904-1905.	Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
		£	£	£	£
Surplus	C	2,996,400	918,700	3,485,500	903,800
Railway and Irrigation Capital not charged to Revenue—					
Capital raised through Companies towards Outlay on State Railways (Net)	C	...	1,650,000	963,600	2,110,700
Capital raised and deposited by Railway Companies (Net)	"	...	1,267,200	1,449,400	410,100
Debt, Deposits, and Advances—					
Permanent Debt (net Incurred)	C	2,146,825	3,411,200	3,411,100	7,200,800
Unfunded Debt (net Incurred)	"	770,221	688,100	890,200	846,500
Deposits and Advances (net)	"	1,973,191	...	871,700	...
Loans and Advances by Imperial Government (net Repayments)	"	...	50,800	101,000	3,500
Loans and Advances by Provincial Governments (net Repayments)	"	471,724	...	97,100	...
Remittances (net)	"	1,214,730	...	...	328,300
Secretary of State's Bills drawn	"	21,659,303	16,500,000	23,500,000	16,500,000
TOTAL RECEIPTS	...	31,232,394	24,486,000	34,769,600	28,303,700
Opening Balance—India	...	12,082,416	11,500,016	11,869,552	10,333,352
England	...	5,767,787	7,003,387	7,294,782	10,338,282
TOTAL	...	49,082,597	42,989,403	53,933,934	48,975,334

FORT WILLIAM,
FINANCE DEPARTMENT;
March 22, 1905.

H. G. H. KEENE,
Deputy Comptroller General.

Government of India, in India and in England.

	For details, <i>vide</i> Statement.	DISBURSEMENTS.			
		Accounts, 1903-1904.	Budget Estimate, 1904-1905.	Revised Estimate, 1904-1905. ^a	Budget Estimate, 1905-1906.
		£	£	£	£
Railway and Irrigation Capital not charged to Revenue—					
Outlay on Irrigation Works	C	507,838	833,300	402,500	833,400
Outlay on State Railways	"	4,535,105	6,310,300	6,120,800	6,852,000
Outlay of Railway Companies (net)	"	1,854,690	1,797,300	1,408,100	1,588,300
Capital raised and deposited by Railway Companies— (Net payments for discharge of debentures)	,	66,595	...	...	...
Capital involved in Redemption of Railway Liabilities	"	...	...	...	3,427,400
TOTAL CAPITAL ACCOUNT DISBURSEMENTS	...	6,964,288	8,940,900	7,931,400	12,711,100
Debt, Deposits, and Advances—					
Temporary Debt (net Discharged)	C	1,166,667	333,300	1,833,300	500,000
Deposits and Advances (net)	"	...	731,600	...	1,009,900
Loans and Advances by Imperial Government (net Advances)	"	112,849	...	...	...
Loans and Advances by Provincial Governments (net Advances)	"	...	37,700	...	217,200
Remittances (net)	"	...	419,300	286,200	...
Secretary of State's Bills paid	"	21,674,459	16,769,700	23,211,400	16,803,600
TOTAL DISBURSEMENTS	...	29,918,263	27,232,500	33,262,300	31,241,800
Closing Balance—India	...	11,869,552	11,060,616	10,333,352	12,160,052
England	...	7,294,782	4,696,287	10,338,282	5,573,482
TOTAL	...	49,082,597	42,989,403	53,933,934	48,975,334

A. F. COX,
Comptroller General.

W. S. MEYER,
Secretary to the Government of India.

FINANCIAL STATEMENT OF THE

A.—STATEMENT of the REVENUE of

HEADS OF REVENUE.	ACCOUNTS, 1903-1904.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs 15 = £1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
	₹	₹	£	£	£	₹	₹
Principal Heads of Revenue—							
I.—Land Revenue	13,41,08,194	15,44,07,622	19,234,388	...	19,234,388	13,79,92,000	14,64,52,000
II.—Opium	8,60,40,675	...	5,736,045	...	5,736,045	9,06,60,000	...
III.—Salt	7,77,85,865	9,71,108	5,250,465	...	5,250,465	7,93,22,000	9,53,000
IV.—Stamps	1,46,11,231	3,90,92,468	3,580,247	...	3,580,247	2,50,60,000	3,10,85,000
V.—Excise	5,21,72,314	2,25,29,132	4,980,096	...	4,980,096	5,60,73,000	2,34,56,000
VI.—Provincial Rates	73,367	4,23,06,861	2,825,349	...	2,825,349	79,000	4,22,96,000
VII.—Customs	5,89,51,507	5,42,963	3,966,298	...	3,966,298	6,52,23,000	1,97,000
VIII.—Assessed Taxes	1,01,80,732	80,39,244	1,214,665	...	1,214,665	1,31,05,000	57,32,000
IX.—Forest	1,18,12,661	1,04,04,086	1,481,116	...	1,481,116	1,41,28,000	92,87,000
X.—Registration	25,23,400	23,80,136	326,902	...	326,902	10,87,000	40,09,000
XI.—Tributes from Native States	91,36,285	...	609,086	...	609,086	95,36,000	...
TOTAL	45,73,96,231	28,06,73,620	49,204,657	...	49,204,657	49,22,65,100	26,34,67,000
XII.—Interest	91,67,854	21,46,258	754,274	141,788	896,062	86,06,000	20,39,000
XIII.—Post Office	2,25,45,668	61,619	1,507,153	...	1,507,153	2,38,09,000	52,000
XIV.—Telegraph	1,27,66,375	...	851,092	6,543	857,635	1,32,27,000	...
XV.—Mint	4,32,70,754	...	2,884,717	49	2,884,766	29,55,000	...
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	3,24,743	35,47,746	258,166	...	258,166	3,22,000	35,87,000
XVI.—Law and Justice { Jails	3,67,622	32,41,556	240,612	...	240,612	3,64,000	32,13,000
XVII.—Police	2,36,748	46,09,154	323,060	...	323,060	2,29,000	46,74,000
XVIII.—Marine	36,42,095	19,12,252	370,290	21,000	391,290	34,95,000	19,54,000
XIX.—Education	59,676	27,33,863	186,236	...	186,236	67,000	28,32,000
XX.—Medical	9,069	12,67,961	85,135	1,351	86,486	10,000	11,87,000
XXI.—Scientific and other Minor Departments	1,91,742	14,69,813	110,770	725	111,495	1,41,000	12,32,000
TOTAL	48,31,695	1,87,82,345	1,574,269	23,076	1,597,345	46,28,000	1,86,79,000
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc.	13,07,240	5,06,342	120,905	78,254	199,159	12,78,000	4,46,000
XXIII.—Stationery and Printing	4,36,546	6,33,807	71,357	...	71,357	4,50,000	6,22,000
XXIV.—Exchange	8,76,433	...	58,429	...	58,429	14,87,000	...
XXV.—Miscellaneous	10,87,286	41,92,817	352,007	13,025	365,032	8,66,000	39,51,000
TOTAL	37,07,505	53,32,666	602,698	91,279	693,977	40,81,000	50,19,000
Railways—							
XXVI.—State Railways (Gross Receipts)	30,81,45,278	5,00,141	20,576,361	230	20,576,591	34,22,15,000	6,05,000
XXVII.—Guaranteed Companies (Net Traffic Receipts)	1,41,21,946	...	941,463	...	941,463	1,64,05,000	...
XXVIII.—Subsidised Companies (Repayment of Advances of Interest)	4,88,845	...	32,590	7,222	39,812	5,88,000	...
TOTAL	32,27,56,069	5,00,141	21,550,414	7,452	21,557,866	35,92,08,000	6,05,000
Irrigation—							
XXIX.—Major Works: Direct Receipts	2,13,38,294	74,62,155	1,920,030	...	1,920,030	1,95,77,000	1,01,75,000
XXIX.—Major Works: Portion of Land Revenue due to Irrigation	1,25,57,090	...	837,139	...	837,139	1,29,05,000	...
XXX.—Minor Works and Navigation	9,47,932	13,70,978	154,594	...	154,594	12,63,000	15,48,000
TOTAL	3,48,43,316	88,33,133	2,911,763	...	2,911,763	3,37,45,000	1,17,23,000
Other Public Works—							
XXXI.—Military Works	6,76,244	...	45,083	...	45,083	6,77,000	...
XXXII.—Civil Works	2,76,005	69,87,736	484,249	26,171	510,420	2,78,000	67,08,000
TOTAL	9,52,249	69,87,736	529,332	26,171	555,503	9,55,000	67,08,000
Receipts by Military Department—							
XXXIII.—Army: Effective	81,81,045	...	545,403	402,632	948,035	73,02,000	...
XXXIII.—Army: Non-Effective	14,04,589	...	93,639	47,754	141,393	13,52,000	...
TOTAL	95,85,634	...	639,042	450,386	1,089,428	86,54,000	...
TOTAL REVENUE	92,18,23,350	32,33,17,818	83,009,411	746,744	83,756,155	95,21,33,000	30,82,92,000

INDIA, in India and in England.

ESTIMATE, 1904-1905.			Increase + Decrease— of Revised, as com- pared with Budget Estimate, 1904-1905.	BUDGET ESTIMATE, 1905-1906.					Increase + Decrease— of Budget, 1905-1906, as compared with Budget Estimate, 1904- 1905.	Increase + Decrease— of Budget, 1905-1906, as compared with Revised Estimate, 1904-1905.
Total India (converted into £ at Rs 15 = £1).	England.	TOTAL.		INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs 15 = £1).	England.	TOTAL.		
£	£	£	£	Imperial.	Provincial and Local.	£	£	£	£	£
18,962,900	...	18,962,900	-628,700	13,78,75,000	15,41,56,000	19,468,700	...	19,468,700	-122,900	+ 505,800
6,044,000	...	6,044,000	+ 1,088,900	8,21,65,000	...	5,477,700	...	5,477,700	+ 522,600	-566,300
5,351,700	...	5,351,700	+ 218,400	6,30,63,000	8,37,000	4,260,000	...	4,260,000	-873,300	-1,031,700
3,743,000	...	3,743,000	+ 105,900	2,81,24,000	2,89,85,000	3,807,300	...	3,807,300	+ 170,200	+ 64,300
5,302,000	...	5,302,000	+ 252,000	5,34,12,000	2,82,35,000	5,443,100	...	5,443,100	+ 393,100	+ 141,100
2,825,000	...	2,825,000	-7,400	2,000	4,16,69,000	2,778,100	...	2,778,100	-54,300	-46,900
4,361,400	...	4,361,400	+ 444,200	6,53,67,000	93,000	4,364,000	...	4,364,000	+ 446,800	+ 2,600
1,255,800	...	1,255,800	-8,100	1,33,52,000	58,61,000	1,280,900	...	1,280,900	+ 17,000	+ 25,100
1,561,000	...	1,561,000	+ 132,900	1,44,56,000	95,89,000	1,603,000	...	1,603,000	+ 174,900	+ 42,000
339,700	...	339,700	+ 5,700	7,03,000	44,38,000	342,700	...	342,700	+ 8,700	+ 3,000
635,700	...	635,700	+ 9,700	93,06,000	...	620,400	...	620,400	-5,600	-15,300
50,382,200	...	50,382,200	+ 1,613,500	46,78,25,000	27,38,63,000	49,445,900	...	49,445,900	+ 677,200	-936,300
709,700	160,000	869,700	+ 100,700	86,28,000	21,33,000	717,400	88,000	805,400	+ 36,400	-64,300
1,590,700	...	1,590,700	+ 95,400	2,40,86,000	38,000	1,608,300	...	1,608,300	+ 113,000	+ 17,600
881,800	7,400	889,200	+ 54,800	1,35,74,000	...	904,900	4,200	909,100	+ 74,700	+ 19,900
197,000	...	197,000	+ 900	15,83,000	...	105,500	...	105,500	-90,600	-91,500
260,600	...	260,600	+ 6,500	3,25,000	36,36,000	264,100	...	264,100	+ 10,000	+ 3,500
238,500	...	238,500	+ 900	3,27,000	33,51,000	245,200	...	245,200	+ 7,600	+ 6,700
326,900	...	326,900	+ 11,000	2,23,000	46,41,000	324,300	...	324,300	+ 8,400	-2,600
363,300	4,500	367,800	+ 71,100	22,78,000	19,25,000	280,200	...	280,200	-16,500	-87,600
193,200	...	193,200	-3,800	70,000	30,21,000	206,000	...	206,000	+ 9,000	+ 12,800
79,800	1,200	81,000	+ 3,300	10,000	13,85,000	93,000	1,200	94,200	+ 16,500	+ 13,200
91,500	500	92,000	+ 900	1,48,000	12,67,000	94,300	500	94,800	+ 3,700	+ 2,800
1,553,800	6,200	1,560,000	+ 89,900	33,81,000	1,92,26,000	1,507,100	1,700	1,508,800	+ 38,700	-51,200
114,900	74,900	189,800	-6,900	12,90,000	4,71,000	117,400	73,800	191,200	-5,500	+ 1,400
71,500	...	71,500	+ 6,800	4,09,000	6,19,000	68,600	...	68,600	+ 3,900	-2,900
99,100	...	99,100	+ 29,200	8,21,000	...	54,700	...	54,700	-15,200	-44,400
321,200	3,000	324,200	-600	9,83,000	42,40,000	348,200	44,500	392,700	+ 67,900	+ 68,500
606,700	77,900	684,600	+ 28,500	35,03,000	53,30,000	528,900	118,300	707,200	+ 51,100	+ 22,600
22,854,700	200	22,854,900	+ 2,274,000	34,29,26,000	6,75,000	22,906,700	200	22,906,900	+ 2,326,000	+ 52,000
1,093,600	...	1,093,600	+ 105,300	1,35,00,000	...	900,000	...	900,000	-88,300	-193,600
39,200	9,600	48,800	+ 2,200	5,63,000	...	37,500	12,000	49,500	+ 2,900	+ 700
23,987,500	9,800	23,997,300	+ 2,381,500	35,69,89,000	6,75,000	23,844,200	12,200	23,856,400	+ 2,240,600	-140,900
1,983,500	...	1,983,500	+ 68,500	1,28,08,000	1,67,76,000	1,972,300	...	1,972,300	+ 57,300	-111,200
860,300	...	860,300	-24,200	1,37,38,000	...	915,900	...	915,900	+ 31,400	+ 55,600
187,400	...	187,400	+ 23,900	9,99,000	15,08,000	167,100	...	167,100	+ 3,600	-20,300
3,031,200	...	3,031,200	+ 68,200	2,75,45,000	1,82,84,000	3,055,300	...	3,055,300	+ 92,300	+ 24,100
45,100	...	45,100	+ 6,800	6,76,000	...	45,100	...	45,100	+ 6,800	...
465,800	24,300	490,100	+ 48,000	2,91,000	63,30,000	441,400	17,000	458,400	+ 16,300	-31,700
510,900	24,300	535,200	+ 54,800	9,67,000	63,30,000	486,500	17,000	503,500	+ 23,100	-31,700
486,800	358,100	844,900	+ 54,100	76,28,000	...	508,600	300,900	809,500	+ 18,700	-35,400
90,100	27,000	117,100	+ 8,200	13,52,000	...	90,100	28,000	118,100	+ 9,200	+ 1,000
576,900	3,51,000	962,000	+ 62,300	89,80,000	...	598,700	328,900	927,600	+ 27,900	-34,400
84,028,400	670,700	84,699,100	+ 4,550,500	91,70,61,000	32,58,79,000	82,862,700	570,300	83,433,000	+ 3,284,400	-1,266,100

B.—STATEMENT of the EXPENDITURE charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1903-1904.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs=£1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial and Local.				Imperial	Provincial and Local.
Direct Demands on the Revenues—	₹	₹	£	£	£	₹	₹
1.—Refunds and Drawbacks	30,70,731	8,49,972	261,380	...	261,380	26,34,000	7,53,000
2.—Assignments and Compensations	76,18,766	99,04,918	1,168,246	...	1,168,246	78,86,000	1,00,77,000
Charges in respect of Collection, viz.:							
3.—Land Revenue	33,24,343	4,24,02,792	3,048,476	408	3,048,884	63,86,000	4,14,94,000
4.—Opium (including cost of Production)	3,33,32,160	...	2,222,144	3,600	2,225,744	2,95,39,000	...
5.—Salt (including cost of Production)	45,27,222	4,08,631	329,057	2,134	331,191	51,53,000	11,000
6.—Stamps	—2,39,028	14,41,401	89,158	42,221	122,379	1,12,000	11,19,000
7.—Excise	21,58,814	10,49,615	213,895	33	213,928	24,85,000	11,37,000
8.—Provincial Rates	...	5,88,173	39,212	...	39,212	...	5,72,000
9.—Customs	9,13,071	16,07,479	168,037	128	168,165	23,24,000	3,93,000
10.—Assessed Taxes	1,72,290	1,75,835	23,208	...	23,208	2,21,000	1,17,000
11.—Forest	65,24,082	56,42,911	811,133	2,485	813,618	80,13,000	50,55,000
12.—Registration	13,65,731	13,01,278	177,800	...	177,800	4,97,000	22,18,000
TOTAL	6,27,68,182	6,53,73,006	8,542,746	51,009	8,593,755	6,52,50,000	6,29,46,000
Interest—							
13.—Interest on Debt	3,43,02,489	74,73,603	2,785,073	4,342,826	7,127,899	3,54,93,000	75,02,000
Deduct—Amounts chargeable to Railways†	5,24,35,672	37,042	3,498,181	1,359,281	4,857,462	5,55,10,000	62,000
" Amounts chargeable to Irrigation	91,86,052	57,27,467	994,235	...	994,235	94,56,000	57,82,000
Remainder chargeable on Ordinary Debt	—2,73,19,235	17,09,034	—1,707,343	2,983,545	1,276,202	—2,54,68,000	16,58,000
14.—Interest on other Obligations	62,98,216	23,116	421,422	3	421,425	66,82,000	27,000
TOTAL	—2,10,21,019	17,32,210	—1,285,921	2,983,548	1,697,627	—2,27,86,000	16,85,000
15.—Post Office	1,80,97,624	13,80,334	1,298,530	104,694	1,403,224	1,91,71,000	12,83,000
16.—Telegraph	1,00,98,716	...	673,248	243,576	916,824	1,04,65,000	...
17.—Mint	4,16,62,331	...	2,777,489	8,096	2,785,585	16,12,000	...
Salaries and Expenses of Civil Departments—							
18.—General Administration	79,31,559	1,02,74,580	1,213,743	279,602	1,493,345	76,70,000	1,02,98,000
19.—Law and Justice { Courts	11,36,934	3,30,01,383	2,275,888	778	2,276,666	11,93,000	3,37,73,000
Jails	18,61,718	88,33,740	713,030	83	713,113	16,76,000	88,34,000
20.—Police	23,21,369	4,39,73,757	3,086,342	967	3,087,309	23,92,000	4,48,84,000
21.—Marine (including River Navigation)	44,86,870	21,95,542	445,494	281,182	726,676	45,11,000	30,41,000
22.—Education	5,41,811	1,99,15,399	1,363,814	3,708	1,367,522	5,80,000	2,14,49,000
23.—Ecclesiastical	16,92,069	...	112,805	936	113,741	17,97,000	...
24.—Medical	6,67,914	1,34,68,217	942,409	5,887	948,296	6,61,000	1,42,90,000
25.—Political	97,63,823	6,98,350	697,478	5,092	702,570	1,13,64,000	6,43,000
26.—Scientific and other Minor Departments	46,35,351	30,96,703	515,470	34,524	549,994	40,42,000	32,96,000
TOTAL	3,50,39,418	13,54,57,671	11,366,473	612,759	11,979,232	3,58,86,000	14,05,08,000
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	36,99,387	...	246,626	10,843	257,469	36,65,000	...
28.—Civil Furlough and Absentee Allow- ances	4,271	...	285	238,303	238,588	6,000	...
29.—Superannuation Allowances and Pen- sions	11,40,582	1,15,25,979	844,437	2,011,722	2,856,159	12,15,000	1,20,83,000
30.—Stationery and Printing	8,40,937	60,56,024	459,798	89,866	549,664	11,98,000	60,52,000
32.—Miscellaneous	9,82,906	54,97,221	432,008	15,757	447,765	8,80,000	28,17,000
TOTAL	66,68,083	2,30,79,224	1,983,154	2,366,491	4,349,645	69,64,000	2,09,52,000
Famine Relief and Insurance—							
33.—Famine Relief	3,05,786	—522	20,351	...	20,351	...	1,32,000
34.—Construction of Protective Railways	11,22,834	...	74,855	21,750	96,605	15,48,000	..
35.—Construction of Protective Irrigation Works	21,58,845	...	143,923	523	144,446	32,68,000	.
36.—Reduction or Avoidance of Debt	96,64,163	...	644,278	...	644,278	96,47,000	...
TOTAL††	1,32,51,628	—522	883,407	22,273	905,680	1,44,63,000	1,32,000
Carried over	16,65,64,963	22,70,21,923	26,239,126	6,392,446	32,631,572	13,10,25,000	22,75,06,000

	ACCOUNTS, 1903-1904.				REVISED ESTIMATE, 1904-1905.			
	INDIA.		England.	TOTAL.	INDIA.		England.	TOTAL.
	Amount in Rupees.	Equivalent in £ at Rs=£1.			Amount in Rupees.	Equivalent in £ at Rs=£1.		
†Included under the following heads:—								
State Railways Interest on Debt	4,95,20,758	3,301,384	1,140,397	4,441,781	5,22,93,000	3,486,200	1,141,500	4,627,700
Ditto Interest chargeable against Companies on Advances	29,51,956	193,797	218,884	415,681	32,79,000	218,600	217,300	455,900
TOTAL	5,24,72,714	3,495,181	1,359,281	4,857,462	5,55,72,000	3,704,800	1,378,800	5,083,600

Revenues of India, in India and in England.

ESTIMATE, 1904-1905.			Increase + Decrease — compared with Budget Estimate, 1904- 1905.	BUDGET ESTIMATE, 1905-1906.					Increase + Decrease — of Budget, 1905-1906, as compared with Budget Esti- mate, 1904- 1905.	Increase + Decrease — of Budget, 1905-1906, as compared with Revised Estimate, 1904-1905.
Total India (converted into £ at Rs15=£1).	England.	TOTAL.		INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs15=£1).	England.	TOTAL.		
				Imperial.	Provincial and Local.					
£	£	£	£	₹	₹	£	£	£	£	
225,800	...	225,800	+ 10,300	25,12,000	7,74,000	219,100	...	219,100	+ 3,600	—6,700
1,197,500	...	1,197,500	—22,400	77,56,000	1,01,03,000	1,190,600	...	1,190,600	—29,300	—6,900
3,192,000	900	3,192,900	—126,500	68,99,000	4,37,64,000	3,377,500	500	3,378,000	+ 58,600	—185,100
1,969,300	2,200	1,971,500	—32,400	2,75,38,000	...	1,835,900	1,500	1,837,400	—1,66,500	—134,100
344,300	900	345,200	—31,400	55,82,000	16,000	373,200	100	373,300	—3,300	+ 28,100
82,100	39,500	121,600	+ 3,300	2,22,000	10,47,000	84,600	40,100	124,700	+ 6,400	+ 3,100
241,500	800	242,300	—8,200	26,12,000	14,15,000	268,500	100	268,600	+ 18,100	+ 26,300
38,100	...	38,100	—3,300	...	5,86,000	39,100	...	39,100	—2,300	+ 1,000
181,100	400	181,500	+ 1,700	24,15,000	4,16,000	188,700	200	188,900	+ 9,100	+ 7,400
22,500	...	22,500	+ 500	2,24,000	1,14,000	22,500	...	22,500	+ 500	...
871,200	4,700	875,900	—18,800	85,49,000	53,23,000	924,800	1,700	926,500	+ 31,800	+ 50,600
181,000	...	181,000	—300	3,23,000	24,99,000	188,100	...	188,100	+ 6,800	+ 7,100
8,546,400	49,400	8,595,800	—227,500	6,46,32,000	6,60,57,000	8,712,600	44,200	8,756,800	—66,500	+ 161,000
2,866,700	4,423,900	7,290,600	+ 55,100	3,37,78,000	1,01,22,000	2,926,700	4,365,700	7,292,400	+ 56,900	+ 1,800
3,704,800	1,378,800	5,083,600	—2,800	5,86,09,000	48,000	3,910,500	1,437,800	5,348,300	—267,500	—264,700
1,015,900	...	1,015,900	+ 7,600	73,78,000	83,47,000	1,048,300	...	1,048,300	—24,800	—32,400
—1,854,000	3,045,100	1,191,100	+ 59,900	—3,22,09,000	17,27,000	—2,032,100	2,927,900	895,800	—235,400	—295,300
447,300	...	447,300	+ 2,200	70,10,000	27,000	469,100	...	469,100	+ 24,000	+ 21,800
—1,406,700	3,045,100	1,638,400	+ 62,100	—2,51,99,000	17,54,000	—1,563,000	2,927,900	1,364,900	—211,400	—273,500
1,363,600	149,500	1,513,100	—17,800	2,02,84,000	10,65,000	1,423,300	120,200	1,543,500	+ 12,600	+ 30,400
697,700	217,600	915,300	—82,600	1,08,29,000	...	721,900	312,500	1,034,400	+ 36,500	+ 119,100
107,500	13,200	120,700	—111,400	12,94,000	...	86,300	37,000	123,300	—108,800	+ 2,600
1,197,900	272,000	1,469,900	+ 28,800	77,74,000	1,05,43,000	1,221,100	279,600	1,500,700	+ 59,600	+ 30,800
2,331,100	500	2,331,600	—33,500	12,14,000	3,49,46,000	2,410,700	500	2,411,200	+ 46,100	+ 79,600
700,700	100	700,800	—55,400	19,41,000	93,99,000	756,000	200	756,200	...	+ 55,400
3,151,700	600	3,152,300	—29,900	26,94,000	5,06,16,000	3,554,000	800	3,554,800	+ 372,600	+ 402,500
503,500	272,000	775,500	+ 14,400	39,95,000	23,05,000	420,000	281,600	701,600	—59,500	—73,900
1,468,600	5,000	1,473,600	—88,900	12,70,000	2,62,57,000	1,835,100	4,000	1,839,100	+ 276,600	+ 365,500
119,800	400	120,200	—3,200	18,82,000	...	125,500	400	125,900	+ 2,500	+ 5,700
996,700	6,100	1,002,800	—46,100	7,35,000	1,53,33,000	1,071,200	9,700	1,080,900	+ 32,000	+ 78,100
800,400	3,700	804,100	—196,000	93,49,000	6,70,000	667,900	2,200	670,100	—330,000	—134,000
489,200	33,500	522,700	—32,300	64,87,000	40,11,000	699,900	39,900	739,800	+ 184,800	+ 217,100
11,759,600	593,900	12,353,500	—442,100	3,73,41,000	15,40,80,000	12,761,400	618,900	13,380,300	+ 584,700	+ 1,026,800
244,300	10,800	255,100	—1,200	37,63,000	...	250,900	10,800	261,700	+ 5,400	+ 6,600
400	221,600	222,000	—36,000	8,000	...	500	250,000	250,500	—7,500	+ 28,500
886,500	2,018,000	2,904,500	+ 10,500	12,27,000	1,25,15,000	916,100	2,025,500	2,941,600	+ 47,600	+ 37,100
483,300	101,900	585,200	+ 67,900	11,63,000	62,81,000	496,300	70,500	566,800	+ 49,500	—18,400
246,500	59,400	305,900	+ 52,000	9,58,000	25,74,000	235,500	19,500	255,000	+ 1,100	—50,900
1,861,000	2,411,700	4,272,700	+ 93,200	71,19,000	2,13,70,000	1,899,300	2,376,300	4,275,600	+ 95,100	+ 2,900
8,800	...	8,800	+ 8,800	...	31,76,000	211,700	...	211,700	+ 211,700	+ 202,900
103,200	27,000	130,200	—16,800	5,26,000	...	35,100	...	35,100	—111,900	—95,100
217,900	...	217,900	—15,400	56,94,000	...	379,600	400	380,000	+ 146,700	+ 162,100
643,100	...	643,100	+ 97,000	55,98,000	...	373,200	...	373,200	—172,900	—269,900
973,000	27,000	1,000,000	+ 73,600	1,18,18,000	31,76,000	999,600	400	1,000,000	+ 73,600	...
23,902,100	6,507,400	30,409,500	—652,500	12,81,18,000	24,75,02,000	25,041,400	6,437,400	31,478,800	+ 416,800	+ 1,069,300

BUDGET ESTIMATE, 1905-1906.

INDIA.		England.	TOTAL.
Amount in Rupees.	Equivalent in £ at Rs15=£1.		
₹	£	£	£
5,51,37,000	3,675,800	1,158,800	4,834,600
35,20,000	234,700	279,000	513,700
5,86,57,000	3,910,500	1,437,800	5,348,300

†† The following further sums, included under XXVI and 38.—State Railways, were taken in the Accounts of 1903-04 as chargeable to the grant for Famine Relief and Insurance as representing the net charge on the Revenues on account of Protective Railways constructed through the agency of Companies:—

Accounts, 1903-1904.	
Bengal-Nagpur Railway	₹ 73,404
Indian Midland Railway	20,916
TOTAL	94,320

This charge will no longer be taken against the grant for Famine Relief and Insurance.

B.—STATEMENT of the EXPENDITURE charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1903-1904.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs 15 = £1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
	₹	₹	£	£	£	₹	₹
Brought forward	16,65,64,963	22,70,21,923	26,239,126	6,392,446	32,631,572	13,10,25,000	22,75,06,000
Railway Revenue Account—							
38.—State Railways : Working Expenses	15,53,86,504	2,85,861	10,378,158	..	10,378,158	16,59,34,000	3,63,000
Interest on Debt	4,95,20,758	...	3,301,384	1,140,397	4,441,781	5,22,93,000	...
Annuities in purchase of Railways	...	...	...	3,004,620	3,004,620	...	...
Interest chargeable against Companies on Advances	29,14,914	37,042	196,797	218,884	415,681	32,17,000	62,000
Interest on Capital deposited by Companies	3,82,590	45,986	28,572	1,193,429	1,222,001	4,16,000	68,000
39.—Guaranteed Companies : Surplus Profits, Land, and Supervision	15,3,988	...	102,066	...	102,066	18,21,000	...
Interest	2,28,672	...	15,245	1,032,772	1,048,017	2,78,000	...
40.—Subsidized Companies : Land, etc.	4,49,953	7,537	30,499	...	30,499	8,83,000	4,000
41.—Miscellaneous Railway Expenditure	7,21,235	94,381	54,374	...	54,374	6,74,000	90,000
TOTAL	21,11,35,614	4,70,807	14,107,095	6,590,102	20,697,197	22,55,16,000	5,87,000
Irrigation—							
42.—Major Works : Working Expenses	81,80,491	39,80,777	810,751	...	810,751	90,11,000	40,90,000
Interest on Debt	91,86,052	57,27,467	994,235	...	994,235	94,56,000	57,82,000
43.—Minor Works and Navigation	43,08,190	87,84,877	872,871	2,150	875,021	45,20,000	92,78,000
TOTAL	2,16,74,733	1,84,93,121	2,677,857	2,150	2,680,007	2,29,87,000	1,91,50,000
Other Public Works—							
44.—Military Works	1,47,25,195	...	981,680	52,974	1,034,654	1,40,00,000	...
Do. Re-organisation	...	...	...	...	...	34,000	...
45.—Civil Works	86,48,595	5,90,04,834	4,510,228	92,026	4,602,254	97,99,000	6,13,10,000
45 A.—Construction of Railways charged to Provincial or Local Revenues	...	3,98,248	26,550	...	26,550	...	1,01,000
TOTAL	2,33,73,790	5,94,03,082	5,518,458	145,000	5,663,458	2,38,33,000	6,14,11,000
Army Services—							
46.—Army : Effective	18,27,14,858	...	12,180,990	2,618,780	14,799,770	19,63,79,000	...
Non-Effective	1,00,92,048	...	672,803	2,392,635	3,065,438	1,00,05,000	...
Re-organisation	...	...	...	...	...	73,73,000	...
TOTAL	19,28,06,906	...	12,853,793	5,011,415	17,865,208	21,37,57,000	...
Special Defence Works—							
47.—Special Defences (1902)	3,25,395	...	21,693	5,361	27,054	7,18,000	...
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	61,58,81,401	30,53,88,933	61,418,022	18,146,474	79,564,496	61,78,36,000	30,86,54,000
Add—Portion of Allotments to Provincial Governments not spent by them in the year	...	2,07,26,556	1,381,770	...	...	...	93,51,000
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances	...	27,97,671	186,511	...	1,195,259	...	97,13,000
Total Expenditure charged to Revenue	61,58,81,401	32,33,17,818	62,613,281	18,146,474	80,759,755	61,78,36,000	30,82,92,000

	ACCOUNTS, 1903-1904.			
	INDIA.		England.	Total.
	Amount in Rupees.	Equivalent in £ at Rs 15 = £1.		
	₹	£	£	£
Capital Expenditure not charged to Revenue—				
48.—State Railways	4,84,99,967	3,233,331	1,301,774	4,535,105
49.—Irrigation Works	75,61,340	504,089	3,809	507,898
TOTAL	5,60,61,307	3,737,420	1,305,583	5,043,003
51.—Redemption of Liabilities	...	...	...	...

Revenues of India, in India and in England—continued.

ESTIMATE, 1904-1905.			Increase + Decrease — of Revised, as compared with Budget Estimate, 1904-1905.	BUDGET ESTIMATE, 1905-1906.					Increase + Decrease — of Budget, 1905-1906, as compared with Budget Estimate, 1904-1905.	Increase + Decrease — of Budget, 1905-1906, as compared with Revised Estimate, 1904-1905.
Total India (converted into £ at R15=£1).	England.	TOTAL.		INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15=£1).	England.	TOTAL.		
				Imperial.	Provincial and Local.					
£	£	£	£	₹	₹	£	£	£	£	£
23,902,100	6,507,400	30,409,500	-652,500	12,81,18,000	24,75,02,000	25,041,400	6,437,400	31,478,800	+416,800	+1,069,300
11,086,500	...	11,086,500	+522,600	16,81,31,000	4,23,000	11,236,900	...	11,236,900	+673,000	+150,400
3,486,200	1,141,500	4,627,700	+3,100	5,51,37,000	..	3,675,800	1,158,800	4,834,600	+210,000	+206,900
...	3,009,300	3,009,300	+800	...	...	...	3,013,200	3,013,200	+4,700	+3,900
218,600	237,300	455,900	-300	34,72,000	48,000	234,700	279,000	513,700	+57,500	+57,800
32,300	1,236,000	1,268,300	-14,700	4,14,000	69,000	32,200	1,310,100	1,342,300	+59,300	+74,000
121,400	...	121,400	-4,800	25,32,000	...	168,800	...	168,800	+42,600	+47,400
18,500	1,045,100	1,063,600	-600	83,000	...	5,500	1,039,000	1,044,500	-19,700	-19,100
59,200	...	59,200	-17,800	10,00,000	1,40,000	76,000	...	76,000	-1,000	+16,800
50,900	...	50,900	-7,100	8,67,000	66,000	62,200	...	62,200	+4,200	+11,300
15,073,600	6,669,200	21,742,800	+481,200	23,16,36,000	7,46,000	15,492,100	6,800,100	22,292,200	+1,030,600	+549,400
873,400	...	873,400	+52,200	62,00,000	66,12,000	854,100	...	854,100	+32,900	-19,300
1,015,900	...	1,015,900	-7,600	73,78,000	83,47,000	1,048,300	...	1,048,300	+24,800	+32,400
919,800	2,200	922,000	+58,800	41,44,000	1,06,89,000	988,900	2,100	991,000	+127,800	+69,000
2,809,100	2,200	2,811,300	+103,400	1,77,22,000	2,56,48,000	2,891,300	2,100	2,893,400	+185,500	+82,100
933,300	52,000	985,300	-71,300	1,33,84,000	...	892,300	21,600	913,900	-142,700	-71,400
2,300	...	2,300	+2,300	35,28,000	...	235,200	...	235,200	+235,200	+232,900
4,740,600	76,600	4,817,200	-248,800	94,07,000	7,23,34,000	5,449,400	87,500	5,536,900	+470,900	+719,700
6,700	...	6,700	-14,500	...	2,04,000	13,600	...	13,600	-7,600	+6,900
5,682,900	128,600	5,811,500	-332,300	2,63,19,000	7,25,38,000	6,590,500	109,100	6,699,600	+555,800	+688,100
13,091,900	2,937,000	16,028,900	+4,100	19,10,33,000	...	12,735,500	2,257,800	14,993,300	-1,031,500	-1,035,600
667,000	2,427,300	3,094,300	+4,400	1,00,25,000	...	668,300	2,416,000	3,084,300	-5,600	-10,000
491,500	700,000	1,191,500	+1,191,500	85,36,000	...	569,100	1,635,600	2,204,700	+2,204,700	+1,013,200
14,250,400	6,064,300	20,314,700	+1,200,000	20,95,94,000	...	13,972,900	6,309,400	20,282,300	+1,167,600	-32,400
47,900	100,000	147,900	-108,800	11,73,000	...	78,200	175,000	253,200	-3,500	+105,300
61,766,000	19,471,700	81,237,700	+691,000	61,45,62,000	34,64,34,000	64,066,400	19,833,100	83,899,500	+3,352,800	+2,661,800
623,400	}	24,100	+1,292,700	}	38,000	2,500	}	1,370,300	-53,500	-1,346,200
647,500					2,05,93,000	1,372,800				
61,741,900	19,471,700	81,213,600	+1,983,700	61,45,62,000	32,58,79,000	62,696,100	19,833,100	82,529,200	+3,299,300	+1,315,600

REVISED ESTIMATE, 1904-1905.				BUDGET ESTIMATE, 1905-1906.			
INDIA.		England.	Total.	INDIA.		England.	Total.
Amount in Rupees.	Equivalent in £ at R15=£1.			Amount in Rupees.	Equivalent in £ at R15=£1.		
₹	£	£	£	₹	£	£	£
6,91,77,000	4,611,800	1,509,000	6,120,800	6,77,40,000	4,516,000	2,346,000	6,862,000
59,18,000	394,500	8,000	402,500	1,21,03,000	806,900	26,500	833,400
7,50,95,000	5,006,300	1,517,000	6,523,300	7,98,43,000	5,322,900	2,372,500	7,695,400
...	...	...	...	...	...	3,427,400	3,427,400

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1903-1904.			REVISED ESTIMATE, 1904-1905.			BUDGET ESTIMATE, 1905-1906.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Revenue (from Statement A)	83,009,411	746,744	83,756,155	84,028,400	670,700	84,699,100	82,862,700	570,300	83,433,000
Excess of Revenue over Expenditure charged to Revenue.	...	...	2,996,400	...	...	3,485,500	...	...	903,800
Railway and Irrigation Capital not charged to Revenue—									
Capital raised through Companies towards outlay on State Railways (Net)	...	...	...	963,600	...	963,600	2,110,700	...	2,110,700
OUTLAY OF RAILWAY COMPANIES—									
Repayments	1,002,554	6,959	1,009,513	997,600	13,200	1,010,800	811,500	2,600	814,100
NET			0			0			0
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
On account of Subscribed Capital	13,405	...	13,405	9,300	1,501,300	1,510,600	10,100	2,674,800	2,684,900
NET			0			1,449,400			410,100
Permanent Debt Incurred—									
Sterling Debt—									
India Stock	...	1,500,000		...	2,500,000		...	2,000,000	
B. B. C. I. Debentures	...	...		...	...		...	2,927,400	
Rupee Debt—									
Rupee Loan	1,333,333	...		2,000,000	...		2,666,700	...	
TOTAL	1,333,333	1,500,000	2,833,333	2,000,000	2,500,000	4,500,000	2,666,700	4,927,400	7,594,100
NET			2,146,825			3,411,100			7,200,800
Temporary Debt Incurred—									
Temporary Loans	333,333	2,000,000	2,333,333	...	500,000	500,000	...	...	
NET			0			0			
Unfunded Debt—									
Deposits of Service Funds	96,555	...		102,800	...		103,300	...	
Savings Bank Deposits	3,643,472	...		4,022,800	...		4,122,100	...	
TOTAL	3,740,027	...	3,740,027	4,125,600	...	4,125,600	4,225,400	...	4,225,400
NET			770,221			890,200			846,500
Deposits and Advances—									
Balances of Provincial Allotments	1,381,770	...		623,400	...		2,500	...	
Appropriation for Reduction or Avoidance of Debt	644,278	...		643,100	...		373,200	...	
Excluded Local Funds	756,891	...		799,700	...		725,200	...	
Railway Funds	64,215	...		62,500	...		52,000	...	
Deposits of Sinking Funds	9,884	...		10,300	...		10,700	...	
Gold Reserve Fund	2,627,575	(a) 2,566,189		1,738,700	(b) 2,001,200		150,000	254,000	
Currency Reserve: Council Bills appropriated	...	...		...	...		...	1,333,000	
Departmental and Judicial Deposits	17,457,532	...		19,008,000	...		17,600,100	...	
Advances	8,614,137	49,533		4,435,100	16,500		4,333,200	14,300	
Suspense Accounts	207,422	...		109,000	...		1,700	...	
Exchange on Remittance Accounts, net	15,235	...		10,200	...		...	...	
Miscellaneous	14,162	...		...	...		3,600	...	
TOTAL	31,793,101	2,615,722	34,408,823	27,440,000	2,017,700	29,457,700	23,252,200	1,601,300	24,853,500
NET			1,973,191			871,700			0
Carried over	121,225,164	6,869,425		119,561,500	7,202,900		115,939,300	9,776,400	

(a) Includes £ 2,200,000 remitted from India by means of Council Bills.
 (b) Includes £ 700,000 ditto ditto ditto ditto.

Government of India, in India and in England.

	ACCOUNTS, 1903-1904.			REVISED ESTIMATE, 1904-1905.			BUDGET ESTIMATE, 1905-1906.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
Expenditure, Imperial and Provincial (from Statement B)	£	£	£	£	£	£	£	£	£
61,418,022	18,146,474	79,564,496	61,766,000	19,471,700	81,237,700	64,066,400	19,833,100	83,899,500	
Add—Provincial Surpluses transferred to "Deposits"	1,381,770	...	1,381,770	623,400	...	623,400	2,500	...	2,500
Deduct—Provincial Deficits charged to "Deposits"	186,511	...	186,511	647,500	...	647,500	1,372,800	...	1,372,800
TOTAL	62,613,281	18,146,474	80,759,755	61,741,900	19,471,700	81,213,600	62,096,100	19,833,100	82,529,200
Excess of Expenditure charged to Revenue, over Revenue—			0			0			0
Railway and Irrigation Capital not charged to Revenue—									
OUTLAY ON IRRIGATION WORKS	504,089	3,809	507,898	394,500	8,000	402,500	806,900	26,500	833,400
OUTLAY ON STATE RAILWAYS	3,233,331	1,301,774	4,535,105	4,611,800	1,500,000	6,120,800	4,516,000	2,346,000	4,862,000
CAPITAL CHARGE INVOLVED IN REDEMPTION OF LIABILITIES	...	...	...	...	...	...	...	3,427,400	3,427,400
OUTLAY OF RAILWAY COMPANIES—									
Payments for Capital outlay	1,587,987	1,276,216	2,864,203	1,311,000	1,107,900	2,418,900	1,257,200	1,145,200	2,402,400
NET			1,854,690			1,408,100			1,588,300
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
Payments for discharge of Debentures	...	80,000	80,000	...	61,200	61,200	...	2,274,800	2,274,800
NET			60,995			0			0
Permanent Debt Discharged—									
Sterling Debt—									
India 5 p. c. Stock	...	...			100			...	
G. I. P. Railway Debentures	...	600,000			1,002,100			250,000	
Rupce Debt—									
4½ p. c. Loans	500	...		400	...		700	...	
4 p. c. Loans	83,766	...		85,300	...		84,600	...	
3½ p. c. Loans	2,240	...		1,000	...		1,300	...	
Stock Notes	2	...		...	...		...	...	
Provincial Debentures	...	...		...	...		56,700	...	
TOTAL	86,508	600,000	686,508	86,700	1,002,200	1,088,900	143,300	250,000	393,300
NET			0			0			0
Temporary Debt Discharged—									
Temporary Loans	...	3,500,000	3,500,000	333,300	2,000,000	2,333,300	...	500,000	500,000
NET			1,166,667			1,833,300			500,000
Unfunded Debt—									
Special Loans	58	...		700	...		300	...	
Deposits of Service Funds	83,739	...		89,200	...		90,200	...	
Savings Bank Deposits	2,886,000	...		3,145,500	...		3,288,400	...	
TOTAL	2,969,806	...	2,969,806	3,235,400	...	3,235,400	3,378,900	...	3,378,900
NET			0			0			0
Deposits and Advances—									
Balances of Provincial Allotments	186,511	...		647,500	...		1,372,800	...	
Excluded Local Funds	719,941	...		702,500	...		709,200	...	
Railway Funds	60,548	...		59,000	...		76,700	...	
Gold Reserve Fund	2,461,445	2,566,189		1,905,800	2,001,200		150,000	254,000	
Currency Reserve : sums invested	...	...		...	...		...	1,333,000	
Departmental and Judicial Deposits	17,406,651	...		18,919,200	...		17,592,600	...	
Advances	8,650,148	214,373		4,150,600	119,000		4,350,500	3,600	
Suspense Accounts	130,367	...		19,200	...		21,000	...	
Exchange on Remittance Accounts, net	...	...		...	...		...	...	
Miscellaneous	33,159	300		1,900	100		...	...	
TOTAL	29,654,770	2,780,862	32,435,632	26,465,700	2,120,300	28,586,000	24,272,800	1,590,600	25,863,400
NET			0			0			1,009,900
Carried over	100,649,772	27,689,135		98,180,300	27,280,300		97,071,200	31,393,600	

FINANCIAL STATEMENT OF THE
C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1903-1904.			REVISED ESTIMATE, 1904-1905.			BUDGET ESTIMATE, 1905-1906.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward	121,225,164	6,869,425		119,564,500	7,202,900		115,939,300	9,776,400	
Loans and Advances by Imperial Government	387,235	...	387,235	358,500	...	358,500	261,100	...	261,100
NET			0			101,000			3,500
Loans and Advances by Provincial Governments	988,400	...	988,400	554,800	...	554,800	511,300	...	511,300
NET			471,724			97,100			0
Capital of Local Boards	...	...	...	...	...	...	66,700	...	66,700
NET									0
Remittances—									
Inland Money Orders	21,415,931	...		22,266,600	...		22,933,300	...	
Other Local Remittances	365,450	...		1,250,800	...		440,300	...	
Other Departmental Accounts	231,936	...		389,800	...		372,900	...	
Net Receipts by Civil Treasuries from—									
Post Office	724,156	...		922,300	...		827,700	...	
Guaranteed Railways	1,124,905	...		1,370,700	...		945,900	...	
Public Works	2,958,878	...		3,393,200	...		1,921,900	...	
Net Receipts from Civil Treasuries by—									
Telegraph	109,537	...		80,200	...		82,100	...	
Marine	334,095	...		271,200	...		177,700	...	
Military	13,015,788	...		13,519,000	...		13,046,000	...	
Remittance Account between England and India—									
Gold remitted from India	5,939	3,997,128		...	4,492,300		...	...	
Purchase of silver	4,043,365	...		4,148,600	...		403,300	...	
Railway transactions	1,559,090	17,302		2,668,500	1,781,200		1,654,300	2,114,000	
Other	833,261	2,700,850		925,700	1,015,600		2,208,900	301,000	
TOTAL	46,772,331	6,715,280	53,487,611	51,206,600	7,289,100	58,495,700	45,014,300	2,415,000	47,429,300
NET			1,214,730			0			328,300
Secretary of State's Bills drawn	...	(a) 21,659,303	21,659,303	...	(b) 23,500,000	23,500,000	...	(c) 16,500,000	16,500,000
TOTAL RECEIPTS	169,373,130	35,244,008		171,684,400	37,992,000		161,792,700	28,691,400	
Opening Balance	12,082,416	5,767,787		11,869,552	7,294,782		10,333,352	10,338,282	
GRAND TOTAL	181,455,546	41,011,795		183,553,952	45,286,782		172,126,052	39,029,682	

(a) In addition to £2,200,000 for remittance of the Gold Reserve Fund.
(b) In addition to £700,000 ditto ditto ditto.
(c) In addition to £1,333,000 for remittance of the Currency Department.

Fort William,
Finance Department;
March 22, 1905.

H. G. H. KEENE,
Deputy Comptroller General.

Government of India, in India and in England—continued.

	ACCOUNTS, 1903-1904.			REVISED ESTIMATE, 1904-1905.			BUDGET ESTIMATE, 1905-1906.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward	100,649,772	27,689,135		98,180,200	27,280,300		97,071,200	31,393,600	
Loans and Advances by Imperial Government	500,084	...	500,084	257,500	...	257,500	257,600	...	257,600
Net			112,849			0			0
Loans and Advances by Provincial Governments	516,676	...	516,676	457,700	...	457,700	728,500	...	728,500
Net			0			0			217,200
Capital Account of Local Boards	...	...	...	...	...	...	66,700	...	66,700
Remittances—									
Inland Money Orders	21,419,658	...		22,266,600	...		22,933,300	...	
Other Local Remittances	...	...		1,247,400	...		440,300	...	
Other Departmental Accounts	239,263	...		389,800	...		372,900	...	
Net payments into Civil Treasuries by—									
Post Office	724,205	...		922,300	...		827,700	...	
Guaranteed Railways	1,124,905	...		1,370,700	...		945,900	...	
Public Works	2,912,326	...		3,433,900	...		1,921,900	...	
Net Issues from Civil Treasuries to—									
Telegraph	108,189	...		80,200	...		82,100	...	
Marine	333,174	...		271,200	...		177,700	...	
Military	13,015,788	...		13,519,000	...		13,046,000	...	
Remittance Account between England and India—									
Gold remitted from India	4,000,001	...		4,492,300	...		...	...	
Purchase of Silver	...	4,055,327		...	4,540,000		...	...	
Railway transactions	...	1,576,392		1,781,200	2,668,500		2,114,000	1,654,300	
Other	2,367,494	396,159		1,339,100	459,700		2,176,600	408,300	
TOTAL	46,245,003	6,027,878	52,272,881	51,113,700	7,668,200	58,781,900	45,038,400	2,062,600	47,101,000
NET			0			286,200			0
Secretary of State's Bills paid	(a) 21,674,459	...	21,674,459	(b) 23,211,400	..	23,211,400	(c) 16,803,600	...	16,803,600
TOTAL DISBURSEMENTS	169,585,994	33,717,013		173,220,600	34,948,500		159,966,000	33,456,200	
Closing Balance	11,869,552	7,294,782		10,333,352	10,338,282		12,160,052	5,573,482	
GRAND TOTAL	181,455,546	41,011,795		183,553,952	45,286,782		172,126,052	39,029,682	

(a) In addition to £2,200,000 for payment from the Gold Reserve Fund.
(b) In addition to £ 700,000 ditto ditto ditto.
(c) In addition to £1,333,000 for payment from the Currency Reserve.

A. F. COX,
Comptroller General.

W. S. MEYER,
Secretary to the Government of India.

D.—Account of Provincial and Local Savings charged to Revenue, and held at the disposal of Provincial Governments under their Provincial Settlements.

Provincial and Local Balances.

NOTE.—These balances do not include the Balances of Deposits and Advances upon Local Fund Accounts.

	India.	Central Provinces.	Berar.	Burma.	Assam.	Bengal.	United Provinces of Agra and Oudh.	Punjab.	N.-W. Frontier Province.	Madras.	Bombay.	TOTAL.	Equivalent in £ at R15 = £1.
	R	R	R	R	R	R	R	R	R	R	R	R	£
Accounts, 1903-1904.													
Balance at end of 1902-1903 . .	1,63,255	27,06,339	9,15,256	1,18,62,131	20,18,843	79,49,376	61,61,134	42,24,338	1,38,254	88,65,216	63,40,838	5,33,44,980	3,422,990
Added in 1903-1904 .	167	...	85,066	...	11,48,784	89,00,967	39,17,133	8,41,577	8,155	54,88,899	3,35,808	2,07,26,556	1,381,770
Spent in 1903-1904 .	...	8,81,819	...	19,15,852	...	...	...	...	...	...	...	27,97,671	186,511
Balance at end of 1903-1904 . .	1,63,422	18,24,520	10,00,322	99,46,279	31,67,627	1,68,50,343	1,00,78,267	50,65,915	1,46,409	1,43,54,115	66,76,646	6,92,73,865	4,618,258
Revised Estimate, 1904-1905.													
Balance at end of 1903-1904 (by Accounts) . .	1,63,422	18,24,520	10,00,322	99,46,279	31,67,627	1,68,50,343	1,00,78,267	50,65,915	1,46,409	1,43,54,115	66,76,646	6,92,73,865	4,618,258
Added in 1904-1905 .	...	...	90,000	...	...	...	...	51,64,000	3,000	...	40,94,000	93,51,000	623,400
Spent in 1904-1905 .	22,000	6,72,000	...	19,70,000	1,99,000	19,60,000	15,13,000	...	...	33,77,000	...	97,13,000	647,500
Balance at end of 1904-1905 . .	1,41,422	11,52,520	10,90,322	79,76,279	29,68,627	1,48,90,343	85,65,267	1,02,29,915	1,49,409	1,09,77,115	1,07,70,646	6,89,11,865	4,594,158
Budget Estimate, 1905-1906.													
Balance at end of 1904-1905 (by Revised Estimate) .	1,41,422	11,52,520	10,90,322	79,76,279	29,68,627	1,48,90,343	85,65,267	1,02,29,915	1,49,409	1,09,77,115	1,07,70,646	6,89,11,865	4,594,158
Added in 1905-1906 .	...	...	...	..	38,000	...	...	...	...	...	...	38,000	2,500
Spent in 1905-1906 .	19,000	55,000	1,58,000	34,43,000	...	37,07,000	25,64,000	36,08,000	5,000	38,65,000	31,69,000	2,05,93,000	1,372,800
Balance at end of 1905-1906 . .	1,22,422	10,97,520	9,32,322	45,33,279	30,06,627	1,11,83,343	60,01,267	66,21,915	1,44,409	71,12,115	76,01,646	4,83,56,865	3,223,858

H. G. H. KEENE,
Deputy Comptroller General.

A. F. COX,
Comptroller General.

W. S. MEYER,
Secretary to the Government of India.

E.—Abstract Statement of the Receipts and Disbursements of the Government of India in India and in England.

Revenue and Expenditure.		Accounts, 1903-1904.				Revised Estimate, 1904-1905.		Budget Estimate, 1905-1906.		
		Revenue.	Refunds and Assignments.	Cost of Collection and Production.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.	Net Charges.
		£	£	£	£	£	£	£	£	£
Principal Heads of Revenue.	Revenue Heads.									
	Land Revenue (excluding that due to Irrigation).	19,234,388	725,650	3,048,884	15,459,854	15,025,500		15,354,000		
	Opium	5,736,045	4,123	2,225,744	3,506,178	4,069,000		3,636,800		
	Salt	5,250,465	268,761	331,191	4,650,113	4,741,400		3,625,300		
	Stamps	3,580,247	42,010	122,379	3,415,858	3,480,200		3,640,700		
	Excise	4,980,096	47,596	213,928	4,718,572	5,012,000		5,128,100		
	Provincial Rates	2,825,349	3,382	39,212	2,782,755	2,783,100		2,735,600		
	Customs	3,966,298	127,232	168,165	3,670,901	4,087,000		4,077,600		
	Assessed Taxes	1,214,665	8,029	23,208	1,183,428	1,226,200		1,250,900		
	Forest	1,481,116	3,723	813,618	663,775	682,600		673,600		
	Registration	3,65,02	861	177,800	148,241	158,000		153,800		
	Tributes	609,086	198,259	...	410,827	421,400		412,700		
	Total		49,204,657	1,429,626	7,164,129	40,610,902	41,786,400		40,689,100	
Total deduction from Revenue			8,593,755							
Expenditure Heads.										
Debt Services	Interest	896,062	1,697,627			801,565	768,700		559,500	
Commercial Services.	Post Office	1,507,153	1,403,224		103,929		77,600	64,800		
	Telegraph	857,635	916,824			59,189	26,100		125,300	
	Railways	21,557,866	20,697,197		860,669		2,254,500	1,564,200		
	Irrigation	2,911,763	2,680,007		231,756		219,900	161,900		
Other Public Works.	Military	45,083	1,034,654			989,571	940,200		868,800	
	Re-organisation						2,300		235,200	
	Civil	510,420	4,628,804			4,118,384	4,333,800		5,092,100	
Mint	Mint	2,884,766	2,785,585		99,181		76,300		17,800	
Civil Departments	Civil Departments	1,597,345	11,979,232		10,381,887		10,793,500		11,871,500	
Miscellaneous Civil Services.	Superannuation	199,159	2,856,159			2,657,000	2,714,700		2,750,400	
	Exchange	58,429			58,429		99,100	51,700		
	Miscellaneous	365,032	447,765			82,733	18,300	137,700		
	Other heads	71,357	1,045,721			974,364	990,800		1,010,400	
Famine Relief and Insurance	Famine Relief		20,351			20,351	8,800		211,700	
	Other heads		885,329			885,329	991,200		788,300	
Army Services	Effective	948,035	14,799,770			13,851,735	15,184,000		14,183,800	
	Non-effective	141,393	3,065,438			2,924,045	2,977,200		2,966,200	
	Re-organisation						1,191,500		2,204,700	
	Special Defences (1902)		27,054		27,054		147,900		251,200	
Total		83,756,155	79,564,496		4,191,659	3,461,400			466,500	
Provincial Adjustment	Surplus		1,195,259			1,195,259				
	Deficit						24,100		1,370,300	
Total		83,756,155	80,759,755		2,996,400	3,485,500		903,800		
Capital Account	Surplus				2,996,400	3,485,500		903,800		
	Railway and Irrigation Capital not charged to Revenue :—									
	Capital raised through Companies towards outlay on State Railways						963,600		2,110,700	
	Capital raised and deposited by Railway Companies									
	Outlay on Irrigation Works					66,595	1,449,400	410,100		
	Outlay on State Railways					507,898		402,500		833,400
	Outlay of Railway Companies					4,535,105		6,120,800		6,862,000
Debt, Deposits Advances, and Remittances	Capital involved in Redemption of Railway Liabilities				1,854,690		1,408,100		1,588,300	
	Permanent Debt				2,146,825	3,411,100		7,200,800		
	Temporary Debt					1,166,667			500,000	
	Unfunded Debt				770,221		890,200	1,833,300	846,500	
	Loans and Advances by Imperial Government					112,849	101,000		3,500	
	Loans and Advances by Provincial Governments						07,100			217,200
	Deposits and Advances					1,973,191	871,700		1,005,900	
	Remittances					1,214,730		286,200	328,300	
Cash Balance	Secretary of State's Bills drawn				21,659,303	23,500,000		16,500,000		
	Secretary of State's bills paid					21,674,459	23,211,400		16,803,600	
Total		49,082,597	49,082,597		53,933,934	53,933,934		48,975,334		

H. G. H. KEENE,
Deputy Comptroller General.

A. F. COX,
Comptroller General.

W. S. MEYER,
Secretary to the Government of India.

FORT WILLIAM,
FINANCE DEPARTMENT;
March 22, 1905.

APPENDIX II.

Memorandum by the Hon'ble Major-General Sir Edmond Elles, K.C.B., K.C.I.E., on Military, Military Works, Special Defences, and Marine Expenditure for the years 1904-1905 and 1905-1906.

The estimates with which the Military and Marine Department of the Government of India is concerned are :—

- I.—The Indian Military Estimates.
- II.—The Home (India) Military Estimates.
- III.—The Military Works Estimates.
- IV.—Special Defences.
- V.—The Marine Estimates.

I will deal with them in this order.

2. Taking the Indian and the Home (India) Military Estimates together, the net expenditure in 1905-1906 will, it is estimated, be more than that provided in the Budget of 1904-1905 by £1,139,800, and more than the revised Budget by £2,100.

The cause of the excess over the Budget for 1904-1905 is the necessity felt by the Government of India to provide funds for carrying out the scheme for the reorganisation of the Field Army framed by His Excellency the Commander-in-Chief. The small excess over the revised Estimate is due to the fact that some of the measures of the scheme such as the provision of Stores, Equipment, Ammunition, Remounts and Transport have taken effect in the current year and account to a great extent for the increase of the revised Estimate of 1904-1905 over the original Budget. The total extra grant allotted during this year was 1,56 lakhs partly by a special grant and partly by re-appropriation. Necessary provision had also to be made during the year for the Tibet Mission.

3. Before dealing with the estimates in detail, I will refer to the measures carried out, or in progress, during the present year for improving the efficiency of the Army and also to those which we propose to continue, or institute, during the ensuing year.

Budget, 1904-1905.

4. *Reorganisation of the Army in India.*—Various measures have been taken Field Army. during the past year towards carrying out Lord Kitchener's scheme for the reorganisation of the Army in India. The Madras Command has been abolished, and India (exclusive of Burma) has been divided into three Commands, each comprising three divisions, or altogether nine divisions. For the present, however, the Secunderabad Division is to remain an independent Command directly under Army Head Quarters. Certain additional appointments of Colonel on the Staff and Brigade Major have been created with a view to completing the redistribution of Commands and staff, and consolidated rates of pay have been sanctioned for General Officers and Colonels on the Staff commanding brigades.

A special grant of 1,56 lakhs was given for reorganisation measures in 1904-1905, and it is anticipated that the greater part of this money will have been expended on various measures for the equipment and armament of the army, such as the purchase of imported stores and the provision of local stores for the revised Field Army. Additions have also been made to the Reserve of Horses and to Army Transport.

Organisation of Mounted Infantry units for Field Service.—A revised scheme has been sanctioned for the organisation of companies and battalions of Mounted Infantry, British and Native, for field service. As these units will not be formed except on mobilisation, the scheme involves no immediate expenditure.

Revised scheme for Mounted Infantry Schools.—A revised scheme for the training of Mounted Infantry, British and Native, has been sanctioned. The scheme involves an estimated annual extra expenditure of ₹13,245.

Factories.

Cordite factory, Wellington.—Manufacture of cordite was commenced at the cordite factory, Wellington, on the 28th July 1904. The chemical tests and practical proof of this cordite shew that it is well within the standard specifications and has given better results at proof than the Waltham Abbey standard. The saving from the manufacture of cordite in India, as compared with the cost of importation, is calculated to amount to about ₹2,60,000 a year.

Acetone, the solvent used in the manufacture of cordite, has at present to be imported, but the question of its manufacture in India from locally grown blue gum (eucalyptus) wood has been taken up. Ten tons of this timber were sent to England in March 1904 for distillation, and the satisfactory results obtained shew that the manufacture of acetone in India is a perfectly feasible project and that there are no technical difficulties in the way.

Gun-carriage factory, Jubbulpore.—Good progress has been made towards the completion of this factory, and manufacture will shortly commence. The gun-carriage factory at Fatehgarh was closed for outturn work on the 1st January last, and it is anticipated that it will be possible to close the gun-carriage factories at Bombay and Madras by 1907.

Rolling mills, Ishapore.—All the buildings have been practically completed. The whole of the machinery will have been received by the 1st April and manufacture will be started by the end of April next. The cost of machinery amounts to about £64,000.

Gun factory, Cossipore.—All the machinery is under delivery, and the buildings are ready. The manufacture of guns will be started some time in May next.

General

Requirements.

Establishment of runs for young stock on the Jhelum Canal.—In connection with the horse and mule breeding operations of the Army Remount Department, it was decided in 1903 to establish two runs on the Jhelum Canal of 10,000 acres each for young stock. One of these runs, which is for young horses, has already been started at Mona and is now in working order. Land for the second run was taken up at Sargodha in February 1904 and is under clearance. This run will be for young mules which will be reared there and issued to the service.

Studs for breeding stallions in India.—With the approval of the Secretary of State for India stud farms for breeding stallions have been established at Ahmednagar and Mona with the object of preserving the pure eastern breeds of horses and of producing animals suitable for use as Imperial stallions. The cost of the measure is estimated at ₹1,51,000 initial and ₹68,000 eventual annual recurring, but it is anticipated that the recurring expenditure will be fully balanced after the fifth year by the value of the produce.

The breeding of donkey stallions on a small scale at Mona and Mirpur (near Abbottabad) has also been sanctioned owing to the successful experiments made by the Civil Veterinary Department at Hissar. The cost is estimated at ₹7,686 initial and ₹6,660 annual recurring. It is hoped by this means to produce suitable jacks in India, thus obviating the necessity for importing expensive animals from America and elsewhere.

Addition of the Gujrat district to the selected horse-breeding districts.—The Gujrat district has, on the representation of the Punjab Government as to its suitability for horse-breeding, been added to the breeding areas under the control of the Army Remount Department. The cost is estimated at ₹40,600 initial and ₹13,515 annual recurring.

Administration of the Army Clothing Department.—As the system of administration of the Army Clothing Department which was introduced in 1891 was found by experience to be cumbrous and ill-adapted for the rapid despatch of business, it was decided to place it under the direct control of the Government of India. There are two factories, one at Alipore and the other at Madras, each of them being in charge of a Superintendent who has under him an Assistant Superintendent. The senior Superintendent, in addition to his duties as head of a factory, has been appointed Head of the department with the title of

Director of Army Clothing. It is expected that under the new arrangements greater efficiency in the working of the factories and more despatch in dealing with clothing questions will be obtained. The subordinate establishments of the clothing factories and that of the Government Inspector, Army Boot Factory, have been reorganised and brought on one list.

Supply of clothing to British troops in India.—The system of manufacture and supply of clothing for British troops in India has been changed and simplified. Up to the present time a great deal of clothing was made up in regiments, a course which proved to be needlessly expensive to the State, while it was also inconvenient to corps. In future all clothing for British troops will be made up in factories. The adoption of this system will effect an annual saving of some ₹1,70,000, while the manufacturing power of the factories by being maintained at high level in peace will be readily capable of expansion to meet demands in time of war. The system of accounts has also been considerably simplified. Units will not in future be required to render clothing accounts, but regimental books will be inspected by officers deputed for the purpose. The supply of articles of necessities which was hitherto arranged regimentally now devolves on the Army Clothing Department and permits of the maintenance of a reserve.

Accelerated promotion in the Indian Medical Service.—The conditions under which the promotion of officers of this service in the rank of Captain may be accelerated have been notified.

Revised scale of leave pay for officers of the Indian Medical Service.—Consequent on the improvement in their pay, a revised scale of leave pay for those officers of the Indian Medical Service who are subject to the leave rules of 1886 for the Indian Army, has been authorised.

Revision of the pay of certain military medical appointments.—Increased rates of pay have been sanctioned by the Secretary of State in the case of certain military medical appointments which derived no benefit from the higher pay sanctioned last year for officers of the medical services in India. The cost of this measure amounts to ₹12,000 a year.

Improved pensions for Departmental Officers with honorary rank and Warrant Officers of the Indian Service.—The Secretary of State agreed to an enhancement of the rates of pension, which had been lower than those allowed to similar ranks of the British Service. The new scale of pensions came into effect from 1st April 1904. The extra expense is estimated at ₹18,305 per annum.

Certain measures having for their object an improvement in the pensionary conditions applicable in the case of families of the above officers and warrant officers, have also been accepted by Government and proposed to the Secretary of State.

Grant of special pensions to Mutiny veterans in indigent circumstances who are domiciled in India.—In September 1904 the Secretary of State accepted certain general proposals made by the Government of India on this subject. It is not practicable to estimate the expense involved in the measure. It is in contemplation to extend the concession to Mutiny veterans residing elsewhere than in India. Assistance has already been given to a number of deserving old soldiers, such as will enable them to pass the rest of their days in comparative comfort.

Improved rifle ranges for regular troops.—The rifle ranges of regular troops have been much improved during the past three years, and will in many cases now afford facilities for long and extreme range fire. Measures have also been taken to ensure the safety of persons in the vicinity of these ranges. The programme of works is now approaching completion.

Buildings and ranges for Volunteer corps.—In pursuance of a programme of works which has been undertaken in consequence of the rearmament of the volunteer force with the Lee-Metford rifle, a sum of about ₹1,20,000 has been spent on the provision of buildings and ranges for volunteer corps in the places where they are most urgently required.

Increase to the establishment of Royal Engineer officers in India.—The establishment of Royal Engineer officers in this country has been raised

from 320 in 1903-1904 to 365 on the 1st April 1905. This increase is necessary so that a sufficient number of officers may be available in time of war, and will also permit of adequate progress with the building works connected with the Reorganization scheme.

Improved lighting and ventilation of the barracks and hospitals of British troops in the plains.—Progress has been made with the scheme for providing electrical installations in the larger cantonments where the hot weather is of long duration. The installations in Fort William and the station hospital at Alipore have been practically completed; those at Meerut and Jhansi are still in progress.

Partial abolition of rest camps and acceleration of the movement of British troops travelling by rail.—The old system under which British troops moving by rail in relief or to and from the ports of embarkation were required to halt at rest camps every twelve hours has been modified, and we have sanctioned, as a tentative measure for 1904-1905, certain proposals for the partial abolition of rest camps and for accelerating the movement of British troops travelling by rail. It is expected that this measure will result in an annual saving of about one lakh.

General remarks.—The various measures detailed in my statement last year have been proceeded with and in most cases have been carried out. There has been some delay in the provision of the Quick Firing guns for the Field Artillery owing to some points regarding the equipment having been still under the consideration of the War Office, but it is hoped the first instalment ordered last year for delivery this year will be very shortly received.

It has not yet been found possible to establish the Indian Staff College, but the sanction of the Secretary of State has been received for provisional arrangements being made pending the erection of the necessary buildings at Quetta.

Troops in the Colonies.—We have still four battalions of Native Infantry in the Colonies in addition to the five permanently found for the War Office. There are two in North China, one at Hong Kong and one in Somaliland.

Sikkim-Thibet.—The Sikkim-Thibet Mission was successfully withdrawn before the winter. The climatic conditions were a severe test of our Indian troops and the result has proved that the Indian Army has equalled if not surpassed its best traditions.

Somaliland.—The troops were withdrawn from Somaliland during the autumn and one battalion was lent to the War Office in their place, the whole cost of the expedition was borne by the War Office including the hire of the ships of the Royal Indian Marine.

Budget, 1905-1906.

Field Army.

5. *Reorganisation.*—In pursuance of the policy, accepted by the Secretary of State, of carrying out the Reorganisation Scheme framed by His Excellency the Commander-in-Chief, the Government of India have provided 331 lakhs for reorganisation measures—this sum includes 50 lakhs on account of lapses on the Home and Indian estimates this year (1904-1905). Of this balance of 281 lakhs, a sum of 144 lakhs is required for rearming the Field Artillery, and the remainder chiefly for the following measures:—

- (a) Increase in the reserves of small arm ammunition due to experience of the Russo-Japanese War.
- (b) Increase of reserves of Artillery Ammunition due to the introduction of the Quick Firing gun.
- (c) Increase of Ammunition Columns due to the extra ammunition required in the Field.
- (d) Completion of the Reserve of Rifles.
- (e) Provision of mobilisation equipment for the increased Field Army.
- (f) Increase of officers and subordinates in the Supply and Transport Corps due to reorganisation.
- (g) Provision of Transport Carts.
- (h) Reserve of Telegraph Equipment.

It is also proposed to provide 17 lakhs for the redistribution of the Army, of which 7 lakhs will be spent on hutting and 10 lakhs on extra land for British and

Native Troops. This is exclusive of 22 lakhs budgeted for under Military Works Expenditure.

Reorganisation of Artillery.—The Secretary of State has sanctioned the proposal to raise 5 Horse and 21 Field Batteries to the higher establishment for purposes of mobilisation. A sum of ₹3,00,000 was provided on this account in the Estimates of 1904-1905, out of which ₹20,650 was surrendered to provide funds required in the year on account of special reorganisation. The remaining provision has been found sufficient to meet the cost of horses and a portion of the cost of saddlery, line-gear, etc. For the balance of line-gear, saddlery, etc., and for additional recurring expenditure a sum of ₹1,67,000 has been provided in the Estimates of 1905-1906.

Reintroduction of signalling into batteries of Horse, Field, Heavy and Native Mountain Artillery in India.—The cost of this measure was originally estimated at ₹2,20,849 initial; and ₹2,11,852 annual recurring. The whole of the initial, and ₹50,000 of the recurring expenditure was provided in the Estimates of 1904-1905 in anticipation of the sanction of the Secretary of State. His sanction having been received in July 1904, the balance of funds required on account of recurring expenditure, *viz.*, ₹1,50,457 for additional horses, saddlery and men, has been provided in the Estimates of 1905-1906 in addition to ₹50,000 which has been repeated in those Estimates.

Delocalisation of the 7th Gurkhas.—The battalion has been delocalised and transferred from Assam to the Punjab. The estimate of the extra cost involved was ₹79,216 initial and ₹45,872 annual. Of the expenditure incurred in 1904-05, ₹79,216 initial and ₹7,645 recurring, the sum of ₹62,600 will be met from war savings, and the balance ₹24,261 by reappropriation from ordinary savings. The expenditure to be incurred in future years will be debited to the grant for reorganisation.

Delocalisation of the 2nd battalion, 10th Gurkha Rifles.—This battalion is at present localised in Burma and it has been decided to delocalise it also and to transfer it to Quetta. The financial effect of the measure has been estimated to involve an initial expenditure of ₹79,368 but an annual saving of ₹60,502.

The initial expenditure to be incurred in the current financial year will be met from the Special Reorganisation Grant.

Pioneer battalion of Hazaras.—It was estimated that a sum of ₹1,33,068 would be required to meet Indian initial charges in connection with the raising of a pioneer battalion of Hazaras, the formation of which had been sanctioned by the Secretary of State. Of this sum ₹83,068 was provided in the estimates of 1904-1905. The balance of ₹50,000 still required to meet Indian initial charges, and a sum of ₹3,51,500 for additional recurring charges have been provided in the estimates of 1905-1906. There will be also some Military Works expenditure.

Peace strength of certain Infantry regiments of the Indian Army.—The peace strength of ten locally recruited infantry regiments of the Madras Army has been reduced from 832 to 600, an equivalent increase being made concurrently in the establishment of certain selected regiments, so as to raise their strength to 912 of all ranks. This measure will not cause any extra expense.

Increase to the Native Army reserves.—For this measure ₹3,00,000 was provided in the estimates for 1904-1905; but of this sum ₹2,00,000 was surrendered to the Finance Department to meet reorganisation expenditure. It has been decided to repeat the provision of ₹3,00,000 in the estimates of the coming financial year. The question of the formation of a cavalry reserve is under consideration.

Disbandment of the 65th Carnatic Light Infantry and the 71st Coorg Rifles and raising in their place of the 2nd battalion, 6th Gurkhas, and the 2nd battalion, 9th Gurkhas.—The Secretary of State having sanctioned the disbandment of the 65th Carnatic Light Infantry and the 71st Coorg Rifles and the raising in their place of the 2nd battalion, 6th Gurkhas, and the 2nd battalion, 9th Gurkhas, the sum of ₹1,40,363 was required in 1904-1905 to meet initial and recurring charges connected with the raising of the new battalions. This was met partly from savings due to the disbandment of the 65th and 71st being carried out three months before the raising of the 2-6th and 2-9th was begun, and partly by reappropriation. A sum of ₹1,82,810 will be required in 1905-1906 to

meet the initial and recurring charges of the battalions in that year and the necessary provision has been made in the estimates.

Double company system in the 42nd, 43rd and 44th Infantry.—The Secretary of State has been asked to sanction the extension of the double company system to the 42nd Deoli and 43rd Erinpura regiments and the 44th Merwara Infantry. In addition to a temporary extra expenditure of R1,530 a year, the measure involves a permanent annual extra charge of R7,380 per annum.

Factories.

Appointment of an Inspector General of Ordnance factories.—The importance of the Ordnance manufacturing establishments in this country has greatly increased during recent years, owing to the policy of rendering India self-supporting as far as possible in the matter of the supply of munitions of war. It is considered necessary, therefore, for the efficient and economical working of the factories, that they should be administered under the orders of the Director General of Ordnance, by an officer, styled the Inspector General of Ordnance factories. This officer will be responsible for the control of the outturn of factories and for its correctness in detail and economy in cost. Proposals on the subject are under submission to the Secretary of State. The extra expenditure involved is estimated at R45,683 per annum.

Rifle Factory, Ishapore.—The erection of this factory is nearing completion and the manufacture of rifles will be commenced during 1905-1906. A large saving is anticipated from the manufacture of small arms and components in this country instead of importing them.

Manufacture of horse shoes in India.—In furtherance of the policy of rendering India self-supporting as far as possible in the matter of the supply of military stores, it has been decided (subject to the sanction of the Secretary of State) to erect buildings and set up plant at the harness and saddlery factory at Cawnpore for the manufacture of horse shoes. The expenditure involved is estimated at R1,05,870 for machinery and R34,000 for buildings. It is anticipated that the measure will result in a large saving as compared with the cost of importing horse shoes from England.

Carriage Factory, Jubbulpore.—This factory is approaching completion and will be opened for work during the year.

Cossipore Factory.—An extension of this factory will be carried out to provide for a larger outturn of ammunition due to the greater requirements of Quick Firing guns.

General Requirements.

Supply of clothing to the Native Army.—The sepoy now receives from Government the sum of R30 as kit money on enrolment and an annual half-mounting allowance for the provision and up-keep of his khaki uniform and certain other articles classed as necessaries. He also receives full dress uniform or compensation in lieu and has certain other privileges entitling him to compensation. This system has been found exceedingly unsatisfactory and the rules regarding the grant of compensation are illogical, inconsistent, and so complicated as to be hardly workable. Moreover, the sum of R30 granted as kit-money on enrolment is inadequate for the provision of the articles required. The adoption of a simpler system, which will not involve the grant of compensation, has therefore become necessary.

The introduction of the following measures has accordingly been recommended to the Secretary of State:—

- (a) increase of kit-money to R40; (b) purchase of all existing rights to compensation with a view to their extinction; (c) grant of an annual allowance in addition to the annual half mounting allowance of R5 which is now admissible. With the amounts provided under (a) and (c) the soldier will be able to obtain his uniform on payment from the clothing factories, as he requires it without being subjected to the present excessive deductions from pay. The expenditure in connection with (a) will amount to R1,00,000 a year; that under (b) and (c) to R5,07,909, initial against which, however, there will be recoveries on account of payment issues of clothing amounting to R1,50,000 next year, and an annual saving of R17,930.

Supply and Transport—Ghilzai Camel Corps.—Orders have been issued for

the raising at Quetta of one sub-division (1 British officer, 81 native ranks and 143 camels) of a camel corps, which will be manned by Ghilzai camelmen. In peace time the corps will be employed in carrying work for government departments and private individuals, and the amount earned will, it is anticipated, cover the cost of its maintenance, the pay and allowances of the Commandant alone being borne by the State. If the measure on the small scale now under trial proves successful, it is intended to raise the strength of the corps by degrees to its full strength of four sub-divisions and a depot troop (1 British officer, 364 native ranks and 1,072 camels).

Grantee Camel Corps.—Orders have been issued for completing the existing $3\frac{1}{2}$ grantee camel corps to 4 corps of 972 camels each. The strength of the combined depot troop for the 4 corps will also be raised from 262 to 384 camels.

Extension of the Punjab Military Transport Animals Act to the North-West Frontier Province.—The Punjab Military Transport Animals Act (I of 1903) was extended to the North-West Frontier Province and rules framed under that Act for the rapid collection of animals on mobilisation have been approved.

Importation of mules.—During 1904-05, 3,132 mules were obtained from Argentina, South Africa, Persia and Somaliland to complete deficiencies in the authorised complement. Mules have also been purchased in Argentina and in Persia for the additional Transport ordered to be raised last September.

Increased establishment of officers in the Supply and Transport Corps.—Since 1901-02 thirty-two officers have been added to the Supply Branch of the Supply and Transport Corps. Eight officers were added during 1904-1905.

Military Dairy Farms.—The establishment of dairies in connection with military grass farms has been steadily progressing during the last four years. A sum of $3\frac{1}{2}$ lakhs has been provided in the estimates of 1905-1906 for expenditure on the formation of new and extension of existing dairies.

Scheme for soldiers doing their own cooking in India.—The necessity for the scheme was accepted in 1902, and sanction was accorded in 1903 to a partial introduction of the measure. The Secretary of State's sanction has been asked to proceed further with it, and a sum of ₹1,02,360 has been provided on this account in the Military Estimates for 1905-1906.

Establishment of a Staff College in India.—The Secretary of State has finally sanctioned the initiation of the scheme, and the details connected with the institution of the College are being considered.

The financial effect was estimated at an extra expenditure of ₹6,33,440*

* Military 17,000 } initial, and ₹69,892 annual (recurring).
Military Works 6,16,440 }

The total expenditure on buildings to the end of 1904-05 has been approximately ₹2,00,000. The following further provision has been made in the estimates of 1905-1906:—

R									
Initial (exclusive of two lakhs on account of Military Works Ex-									
penditure)	:	:	:	:	:	:	:	:	17,000
Annual (recurring)	:	:	:	:	:	:	:	:	69,892

In addition to this, a sum of ₹84,060 for recurring expenditure has been repeated from the current year's estimates, in the Military Estimates of 1905-1906 for garrison instruction.

Revision of the surgical equipment of military hospitals in India.—In order to bring the surgical equipment of military hospitals in India up to date, a sum of ₹1,50,994 has been provided in the home (military) estimates of 1905-1906.

Establishment of an X-ray Institute in India.—At present no facilities exist for the systematic study and application of radiography in India; there is no accommodation for the storage of the apparatus in a suitable climate and no trained personnel to look after it. Moreover, damaged parts have to be sent to England for repair and this involves much delay and expense. To place matters on a proper footing, it has been decided, subject to the sanction of the Secretary of State, to establish an Institute at Dehra Dun for use as a centre for the instruction of classes of medical officers and subordinates in the management of

the apparatus and as a depot for its storage and repair. The initial and recurring cost is estimated at ₹80,355 and ₹31,797, respectively. As the extension of the use of X-ray apparatus in India will benefit the community at large and not merely the army, the charges connected with it will be borne by the civil estimates.

Increase in the pay of Officers of the Army Veterinary Department serving in India.—A recommendation has been made to the Secretary of State for India for the grant of increased pay to officers of the Army Veterinary Department below the rank of lieutenant-colonel serving in India.

Buildings and ranges for volunteer corps.—A sum of ₹1,00,000 will be provided in the Military Works Budget Estimates, to allow of progress with these works, which will contribute towards the greater efficiency of the volunteer force.

Improved lighting and ventilation of the barracks and hospitals of British troops.—The works at Meerut and Jhansi, which are in hand, will be completed; and installations at other stations, probably Lucknow and Mian Mir, will be taken in hand.

Changes in the administration of the Military Works Services.—With effect from the 1st April 1905, the Military Works Services will be reorganised to accord with the present system of military command.

Corps of Indian Coast Artillery.—The Secretary of State sanctioned, with certain modifications, the scheme for the formation of a corps of Indian Coast Artillery. The modifications were accepted by the Government of India, but in view of the large recurring cost involved His Excellency the Commander-in-Chief recommended the postponement of the measure for the present. The Government of India concurred in this view, and no provision has accordingly been made in the estimate of 1905-1906 on this account.

I.—Indian Military Estimates.

Revised Estimates, 1904-1905.

6. The Revised Indian Military estimates for 1904-1905, compared with the Budget for that year, show a net increase of ₹1,03,47,000. This is caused by an increase in receipts of ₹5,95,000 and an increase in expenditure of ₹1,09,42,000.
- | | |
|---|--|
| <p>Comparison—
 Revised for 1904-1905
 and
 Budget for 1904-1905.</p> | |
|---|--|

The increase in receipts is chiefly due to larger receipts under Supply and Transport; to larger issues of medical stores to Civil Institutions; to abnormal sales of unserviceable Ordnance stores; to contributions towards pensions of native soldiers lent for Imperial Service, and to larger receipts on account of Indian Military Service Family Pensions: this increase is partly counterbalanced by the adjustment, by credit to His Majesty's Imperial Government, of the value of Europe stores returned from China and Somaliland.

7. The more important causes which have led to an increase in expenditure have been the following:—

- (a) The extra grant of ₹73,73,000 for expenditure on Reorganisation measures in India.
- (b) Extra grants amounting to ₹57,00,000 for military expenditure in connection with the Tibet Mission.
- (c) The cost of special military measures sanctioned during the year amounting to ₹6,76,000. Of this sum, ₹6,20,000 was sanctioned against the Military estimates from war savings due to the absence of troops in China and Somaliland, and ₹56,000 was met from lapses on schedule measures provided in the India Military Budget.
- (d) Excess strength of British troops in India, and the deduction made for probable savings not having been fully realized, account for an increase of ₹7,50,000.
- (e) More charges for conveyance of troops and stores, and freight, fittings, etc., of the S.S. *Malta* for conveyance of troops to England, amount to ₹6,73,000.
- (f) ₹4,01,000 on account of the Aden Delimitation Commission and ₹1,55,000 in connection with the Seistan Boundary Commission.

- (g) Net debit on account of local stores (including peace equipment) returned from, and sent to, Somaliland and China, ₹2,15,000.
 - (h) The formation of the 2-6th and 2-9th Gurkha Rifles account for ₹1,40,000.
 - (i) More non-effective charges, ₹1,64,000.
8. On the other hand, there have been decreases of expenditure under certain heads, the more important of which are the following:—
- (a) Savings in pay and maintenance charges of troops absent on service in China, ₹7,34,000 and Somaliland, ₹7,93,000.
 - (b) Less expenditure on food supplies, ₹15,00,000.
 - (c) Lapses expected on account of schedule measures so far as known at present, ₹10,11,000.
 - (d) Smaller expenditure anticipated under Army and Garrison Staff, Clothing and Ordnance, amounting to ₹5,00,000.
 - (e) Less charges for service pay and purchase of remounts for ordinary requirements account for a decrease of ₹7,25,000.
 - (f) Payments made in England for the value of coal supplied at Bombay to the Indian Troop Service Transports, ₹1,15,000.

Estimates, 1905-1906.

9. The estimates for 1905-1906, in the net, amount to ₹20,06,14,000 or ₹58,58,000 more than the Budget for 1904-1905. This is due to an increase in receipts of ₹9,21,000, and in expenditure of ₹67,79,000.
- | | |
|---|---|
| <p>Comparison—
 Budget for 1904-1905
 and
 Estimates for 1905-1906.</p> | <p>or ₹58,58,000 more than the Budget for 1904-1905. This is due to an increase in receipts of ₹9,21,000, and in expenditure of ₹67,79,000.</p> |
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The increase in receipts may be chiefly attributed to anticipated realizations from dairy farms, which, with effect from the 1st April 1905, will be worked on the Budget system, and to larger sale-proceeds of malt liquor, Ordnance Stores and camp equipage.

10. The more important causes of increase in expenditure may be classified under three main heads, *viz.*, "Ordinary Expenditure," "Reorganisation Expenditure," and "Other Special Measures." They are the following:—

I.—Ordinary Expenditure.

- (a) Larger provision for local stores for ordinary outturn in the Ammunition Factory, Dum-Dum, and the Rolling Mills, Ishapur, ₹4,64,000.
- (b) Larger demands for hides and tanning materials for the Harness and Saddlery Factory, Cawnpore, and rise in price of hides, ₹3,37,000.
- (c) Larger provision for conveyance of troops and stores, and for malt liquor, ₹5,35,000.
- (d) Charges on account of the 44th Merwara Infantry which have been transferred from the Civil to the Military Estimates, ₹2,03,000.
- (e) Larger purchase of camp equipage for ordinary requirements, ₹2,97,000.
- (f) Budget provision for dairy farms and piggeries, ₹6,63,000.
- (g) More non-effective charges, ₹1,50,000.
- (h) New scheme for the supply of clothing to the Native Army in India, ₹5,08,000.

II.—Reorganisation Expenditure.

The total provision for Military expenditure in India on account of Reorganisation amounts to ₹85,36,000. The following are some of the principal measures:—

- (a) Extra cost of Commands and Staff, ₹47,400.
- (b) Additional mule corps, and mule cadres, ₹19,62,190.
- (c) Increase in the reserve of horses, ₹5,16,441.

- (d) Native troops' lines and land, ₹17,00,000.
- (e) Increase in reserves of Artillery ammunition, ₹1,08,615.
- (f) Increase in reserves of small arms ammunition, ₹6,93,770.
- (g) Re-armament of Horse and Field Artillery, ₹13,89,075.
- (h) Increase to reserve of rifles, ₹2,05,334.
- (i) Provision of G. S. wagons for Artillery ammunition, ₹2,47,102.
- (j) Mobilisation equipment for units, ₹3,56,260.
- (k) Change of administration, Supply and Transport Corps, ₹3,00,000.
- (l) Provision of additional Army Transport Carts, ₹6,96,005.
- (m) Reserve of metal components for Army Transport carts, ₹1,03,995.
- (n) Carts for eight Cavalry brigade ammunition columns, and eight divisional ammunition columns, ₹1,74,493.

III.—Other Special Measures.

- (a) Re-organisation of Artillery, ₹1,67,000.
- (b) Formation of a Pioneer Battalion of Hazaras, ₹4,02,000.
- (c) Scheme for soldiers doing their own cooking in India, ₹1,02,000.
- (d) Establishment of a Staff College in India, ₹1,71,000.
- (e) Electric lighting and punkah-pulling, ₹1,08,000.
- (f) Increase of kit-money of a recruit of non-silladar Cavalry, Sappers and Miners, Artillery and Infantry, from ₹30 to 40, ₹1,00,000.
- (g) Establishment of new, and extension of existing, dairies, ₹3,50,000.
- (h) Personnel for the Cordite Factory, Wellington, and Rifle Factory, Ishapur, ₹1,37,000.
- (i) Cost of extra labour and local stores at the new factories, ₹5,66,000.
- (j) Revision of the present system of promotion in the Indian Army, ₹1,27,000.
- (k) Re-introduction of signalling into all batteries of horse, field, heavy, and mountain Artillery—issue of horses and saddlery, also addition of men, ₹1,51,000.
- (l) Addition of 36 horses to each of the British Cavalry regiments in India, ₹1,15,000.
- (m) Extra cost of raising the 2nd and 3rd Gurkhas, ₹1,83,000.

11. Against the foregoing increases there will be a set-off by reason of certain decreases, the most important of which are due to—

- (a) Smaller provision for extra military expenditure in connection with the Tibet Mission, ₹30,00,000, and Aden Delimitation Commission, ₹5,17,000.
- (b) No provision having been made in the estimates of 1905-1906, for initial schedule expenditure which was included in the budget for 1904-1905, and for recurring expenditure on account of the proposed increase to the strength of certain Native Infantry regiments sanction to which has been refused by the Secretary of State, ₹26,39,000.
- (c) Smaller provision for extra Military expenditure on account of regular troops beyond the North-West Frontier, partly counterbalanced by anticipated additional expenditure on account of the Gilgit Agency, ₹2,30,000, and smaller provision for service pay and good-conduct pay to British soldiers, ₹2,75,000.
- (d) Smaller provision for food supplies, and less purchase of remounts, etc., for ordinary requirements, ₹7,31,000.
- (e) Savings in consequence of the employment of Native troops in China and Somaliland, ₹3,67,000.

II.--Home (India) Military Estimates.

Revised Estimates, 1904-1905.

12. The Military Department is next concerned with the Home estimates for Army effective and non-effective charges. The Home Budget Estimates for 1904-1905 made provision for a gross expenditure of £5,593,700, but in the Revised Estimates this provision has been increased to £6,064,300, or by £470,600.

This increase in the Revised Estimate as compared with the Budget Estimate is chiefly due to expenditure on account of reorganisation measures; larger "payments to the War Office in respect of British forces serving in India;" more charges for furlough pay during voyage of British forces serving in India; more furlough allowances of officers of the Indian Service; larger expenditure under the head "Indian Troop Service;" more miscellaneous expenditure due mainly to the purchase of stallions and to the pay and expenses of representatives with the Field force in Manchuria; and to refund in part of contributions received in previous years towards pensions of Indian native soldiers lent for Imperial Service.

These increases are partly counterbalanced by less charges under the heads "Passage of Officers and others not charged to Indian Troop Service," "Pay and Pensions of non-effective and Retired Officers of the Indian Service;" by less expenditure on stores (other than Reorganisation) for India; and by less payments to the War Office for retired pay, etc., of British forces for service in India.

The net figures of the Revised Estimate show an increase of £447,900 over those of the Budget Estimate for 1904-1905, due to increased expenditure of £470,600, as explained above, and an increase in receipts of £22,700.

Estimates, 1905-1906.

Comparison--
Budget for 1904-1905
and
Estimates for 1905-1906.

13. The estimated receipts and expenditure for 1905-1906 are as follows:—

	Receipts.	Expenditure.	Net expenditure.
	£	£	£
Effective	300,900	2,257,800	1,956,900
Non-effective	28,000	2,416,000	2,388,000
Reorganisation	...	1,635,600	1,635,600
TOTAL	328,900	6,309,400	5,980,500

14. In consequence of the recommendations of the Royal Commission on Indian Expenditure, a sum of £230,000 due from the Imperial Government as a contribution towards the cost of the transport of troops and of military charges at Aden, has been included under receipts. Compared with the Budget for 1904-1905 the receipts show an anticipated decrease of £33,500, and this is chiefly due to a decrease in receipts on account of the Indian Troop service. The gross anticipated expenditure for 1905-1906 exceeds the amount provided in the Budget for the preceding year by £715,700. This increase is chiefly accounted for by extra expenditure on account of Reorganisation Stores; by larger anticipated payments to the War Office in respect of British forces serving in India; by larger anticipated expenditure on account of furlough allowances and pay during voyage of British forces serving in India; by furlough allowances of officers of the Indian Service; by miscellaneous pensions;

and by Indian Military Service Family Pensions. These increases are, however, partly counterbalanced by smaller anticipated expenditure on Indian Troop service; by less requirements of stores for India; by smaller provision of pay and pensions of non-effective and retired officers of the Indian Service.

15. The gross charges on account of effective services, as estimated for the coming year, include payments to the War Office in respect of the British forces serving in India (£646,000); furlough allowances and pay during the voyage of British forces serving in India (£126,000); furlough allowances of officers of the Indian Service (£250,000); Indian Troop service (£321,300); passage of officers and troops otherwise than in transports (£19,000); miscellaneous (£42,000); and stores for India (£853,500).

16. The gross charges on account of non-effective services comprise, the retired pay, etc., of the British forces for service in India (£725,000); pay of the non-effective Colonels of Royal Artillery (£18,000); pay and pensions of non-effective and retired officers of the Indian Service (£1,530,000); miscellaneous pensions, etc. (£88,000), and the Indian Military Service Family Pensions (£55,000).

17. The net anticipated expenditure for 1905-06 is more by £749,200 than that for the preceding year, and, as explained in paragraph 15 above, this is due to a decrease of £33,500 in receipts and to an increase of £715,700 in gross expenditure.

III.—Military Works Estimates.

44.—Military Works.

18. Excluding English expenditure, the Budget Estimate for 1904-05 amounted to R1,55,84,000 (£1,038,900); but these figures have been modified during the year by various causes. The final grant is R1,41,63,000 (£944,200).

19. The Budget Estimate for 1905-06, excluding English expenditure, is R1,33,84,000 (£892,300), showing a decrease on that of 1904-1905 of R22,00,000 (£146,600).

20. The main heads of expenditure are these, in round figures:—

	R	£
Original works, including those in progress and those to be commenced	64,28,000	428,500
Repairs	34,37,000	229,100
Establishment, tools and plant	29,42,000	195,100
Barrack Department,—establishments, supplies and tools and plants	8,99,000	59,900

21. In connection with the more important original works, expenditure amounting to R6,00,000 (£40,000) will be incurred on water-supply projects; R4,00,000 (£26,600) will be spent on electric lighting and punkah-pulling in barracks, etc.; provision has been made in the Budget for R5,00,000 (£33,300) for the Central Gun-carriage Factory at Jubbulpore; R1,95,000 (£13,000) for the Rifle Factory at Ishapore; R1,25,000 (£8,300) for the steel plant and cartridge metal rolling mills at Ishapore; R4,00,000 (£26,600) for the Kirkee Arsenal; R2,00,000 (£13,300) for the Staff College at Quetta. Progress will be made towards the completion of the requirements of volunteer corps in the matter of buildings and rifle ranges. The remaining original works include new hospitals, barracks, buildings for a medical store depot at Calcutta, etc., and provide for the ordinary requirements of the Ordnance, Remount and Marine Departments and of the Supply and Transport Corps.

22. Provision is made for 187 new major works and schemes, of which 53 are in progress and 134 have yet to be commenced. A sum of R6,24,000 (£41,600) is allotted to minor works, each costing not more than R2,500.

44.—Military Works (Reorganisation).

23. The Revised Estimate of expenditure in 1904-1905 is R29,000 (£1,900). The Budget Estimate for 1905-1906 is R35,28,000 (£235,200). Of this amount

22 lakhs are assigned to the construction of barracks, etc., in connection with the Redistribution Scheme. The balance represents the possible expenditure on Ordnance Factories to increase their manufacturing power.

IV.—47.—Special Defences.

24. Excluding English expenditure, the Budget Estimate for 1904-1905 was ₹16,00,000 (£106,600); the Revised Estimate of expenditure is taken at ₹7,18,000 (£47,800). The decrease is due to the surrender of money to provide funds for the Reorganisation scheme, and to short outlay on works.

25. The Budget Estimate for 1905-1906, excluding English expenditure, is ₹11,73,000 (£78,200).

V.—Marine Estimates.

Revised Estimates, 1904-1905.

26. The net total of the Budget Estimate of the Royal Indian Marine for 1904-1905 was ₹20,10,000 (£134,000) and the Revised Estimate stands at ₹10,16,000 (£67,733), showing a decrease of ₹9,94,000 (£66,267).

Comparison—
Revised for 1904-1905.
Budget for 1904-1905.

27. The decrease is chiefly due to large recoveries from the Home Government in connection with the employment of Royal Indian Marine vessels on Imperial service, counterbalanced to some extent by increased expenditure on stores for works for other Departments as also on large purchases of coal at Ports other than Indian.

Estimates, 1905-1906.

28. The net total of the Marine Estimates for 1905-1906 is ₹17,17,020 (£114,468), against ₹20,10,000 (£134,000), the total of the Budget for 1904-1905, showing a decrease of ₹2,92,980 (£19,532). This decrease is chiefly due to the Budget for 1904-1905

Comparison—
Budget for 1904-1905.
Estimates for 1905-1906.

having included large expenditure on account of the Aden Boundary Commission, whereas no provision on this account has been made in the estimates for 1905-1906.

29. *Improved conditions of service of officers of the R.I.M.*—The grade *General Remarks.* pay of Lieutenants of the R.I.M. of 8 years' seniority has been raised from ₹250 to ₹300 a month, and higher rates of furlough pay sanctioned for all ranks. The grade pay and furlough pay of Engineers of 9 years' service as such has also been increased and a higher scale of allowances for charge of engines of a certain class introduced.

Increase of establishment of Officers.—The Secretary of State has sanctioned an addition of two Commanders and three Sub-Lieutenants to the establishment of the Royal Indian Marine. This addition will increase the reserve for absentees from 20 to 25 per cent. on the number of appointments.

Improvement in conditions of service of crews.—In order to improve the conditions of service of the native crews of the Royal Indian Marine and to ensure that reliable men may always be available for service on the R.I.M. ships *Dufferin* and *Hardinge*, it has been decided to enrol 478 native ratings under the Indian Marine Act. These men will be eligible for leave and pension under the Civil Service Regulations and will be granted an outfit allowance of ₹16 on joining and an annual allowance of ₹5 for the upkeep of their kit. An outfit allowance of ₹16 will also be paid, on joining, to all native crews of sea-going vessels of the Royal Indian Marine who are not enrolled but who engage to serve for not less than two years.

Addition of vessel to R.I.M.—The R.I.M.S. *Dufferin* (5,922 gross tonnage), which has been constructed at Home by Messrs. Vickers Maxim & Sons at a cost of ₹208,088, arrived at Bombay on the 20th February 1905. Thi

vessel, which replaces the *Clive*, is of the same type as the *Hardinge* and carries a similar complement. She has a mean speed of $18\frac{1}{2}$ knots. Her carrying capacity is as follows :—

1st class	.	.	.	.	67	
2nd "	.	.	.	.	12	
Women and children	.	.	.	.	56	
For a long voyage	.	.	.	.	1,100	Europeans or 1,375 natives.
" short do.	.	.	.	.	1,540	" or 2,063 "

Replacement of vessels.—The replacement of the R.I.M.S. *Canning* which, owing to age and structural defects, is quite unsuitable for modern trooping requirements, by a ship of the *Warren Hastings* type, has been recommended to the Secretary of State for India. The vessel is estimated to cost £140,000 and of this £100,000 has been provided in next year's estimates. The question of replacing the R.I.M. surveying vessels *Investigator* and *Nancowry* is under consideration. The R.I.M.S. *Comet*, the station ship at Bagdad, has been thoroughly overhauled at a cost of ₹47,157.

Employment of ships.—In addition to their usual trooping work, the R.I.M. vessels *Clive*, *Hardinge*, and *Dalhousie* were employed to convey troops, animals, and stores in connection with the Somaliland expedition at the cost of the War Office. The *Hardinge* was also used at Berbera as a hospital ship. Several hired transports were chartered for the Somaliland expedition and fitted up in the dockyards.

E. R. ELLES.

March 22, 1905.

APPENDIX III.

Report of the Railway Board

ON THE

development and working of Indian Railways (March 1905).

The budget grant for 1904-1905 amounted to ₹1200 lakhs, which included ₹60 lakhs for the purchase of four branch railways. During the year a sum of ₹25 lakhs, which could not be utilized from the Irrigation grant, was made available for railway construction. The programme of capital expenditure on railways for the year 1905-1906 provides for an outlay of ₹1250 lakhs, which includes the re-allotment of lapses from 1904-1905 to the extent of ₹50 lakhs. Open lines and lines under construction will require about 1198 lakhs, leaving only about 52 lakhs available for new lines to be commenced during the coming financial year. The figures are as follows:—

	Allotment. Lakhs.
(a) Open lines, including rolling stock	558·01
(b) Lines already under construction—	
(i) Begun prior to 1904-1905	406·66
(ii) „ during 1904-1905	232·88
(c) New lines to be begun in 1905-1906	52·15
TOTAL	1250·00

2. The principle of providing in the first instance for the needs of open lines and of lines under construction has again been followed. During 1904 an increase of 9,000 wagons was sanctioned. A large number of these are now at work and the balance is under delivery. For the year 1905-1906 a sum of 230 lakhs has been set aside for additional rolling stock, and the Railway Board intend to arrange for the early delivery of a substantial portion of the stock so provided for. The growth of expenditure on railway development by Government during the past five years is shown in the following statement:—

Year.	Open lines, including Rolling Stock.	LINES UNDER CONSTRUCTION.		Total.
		Started in previous years.	Started in current year.	
	Lakhs.	Lakhs.	Lakhs.	Lakhs.
1900-1901 (actual expenditure) .	528·22	251·10	18·34	797·66
1901-1902 ditto .	352·58	509·06	25·64	887·28
1902-1903 ditto .	481·74	452·50	71·52	1005·76
1903-1904 ditto .	558·77	313·68	84·62	957·07
1904-1905 (latest grants) .	523·89	514·70	83·10	1121·69
1905-1906 (proposed grants) .	558·01	639·84	52·15	1250·00

3. The details of the distribution of the allotments for the coming year are shown in Statement A. A list of proposed lines in alphabetical order is given in Statement B. Statement C gives a list of lines under negotiation for construction by private Companies. A complete list of the railways is given in Statement D. The following are the chief new items of the construction part of the programme, *vis.* :—

I. Lines commenced in 1904-1905 :—

	Railway.	Length in miles.	Allotments.	
			1904-1905.	1905-1906.
1	Bengal Nagpur— Pench Valley	29	3'65	12'88
2	Burma— Henzada-Kyangin	66	} 31'50 {	22'00
3	Pegu-Moulmein	122		48'00
4	Great Indian Peninsula— Warora-Bellarpur	38	8'00	17'00
5	Nagda-Muttra— Nagda-Chambal	142	11'65	30'00
6	Nilgiri— Coonoor-Ootacamund	12	2'30	13'00
7	North Western— Khushalgarh-Kohat Conversion and Indus Bridge	33	2'96	23'00
8	Shahdara-Sangla	55	7'44	17'00
9	Oudh and Rohilkhand— Allahabad-Jaunpur	57	6'50	24'00
10	Ranaghat-Katihar— Katihar-Godagari	105	8'10	23'00
11	South Indian— Mandapam-Rameswaram	12	1'00	3'00
	TOTAL .	671	83'10	232'88

II. Lines proposed to be commenced in 1905-1906 :—

	Railway.	Length in miles.	Allotments proposed for 1905-1906.
1	Assam Bengal— Akhaura-Bhairab Bazar	19	3'65
2	Bengal Nagpur— Gondia-Chanda	222	10'00
3	Bombay, Baroda and Central India (Rajputana Malwa)— Viramgam-Malia	83	5'00
4	East Indian— Bhagalpur-Bausi	31	5'00
5	Hooghly-Katwa	65	5'00
6	Great Indian Peninsula— Bombay Harbour branch	8	13'50
7	Reserve	...	10'00
	TOTAL .	428	52'15

III. Extensions of the following railway systems are likely to be opened during 1905-1906, and they are detailed on page 20 of Statement D attached hereto.

	Railway Systems.	Mileage likely to be opened.
1	Bengal and North Western	281
2	Bengal Nagpur	33
3	Bombay, Baroda and Central India	100
4	Eastern Bengal	199
5	East Indian	66
6	Indian Midland	3
7	Madras	89
8	North Western	136
9	Southern Mahratta	77
10	Southern Punjab	154
	TOTAL	1,138

4. Besides the railways mentioned in I and II of the preceding paragraph, arrangements have been concluded for the construction of the following lines by private enterprise not directly guaranteed or otherwise aided by the State :—

	Railway.	Gauge.	Length in miles.	Approximate cost in lakhs.
	Bengal and North-Western—			
1	Daronda-Maharajganj	3' 3½"	4	1'61
2	Savan-Thawe	3' 3½"	18	5'99
	Jodhpur-Bikanir—			
3	Merta Road-Merta City	3' 3½"	10	0'80
4	Shahdara-Saharanpur Tramway	2' 6"	94	44'14
	TOTAL	...	126	52'54

5. The more important lines under construction which were commenced prior to 1904-1905 are—

1. Gya to Barakar, East Indian railway.
2. Gauhati extension, Eastern Bengal State railway.
3. Azhikhal-Mangalore, Madras railway.
4. Quetta-Nushki
5. Jech Doab

} North Western railway.

6. The Kistna, Tinnevely and Kurnool District Boards have accepted the offer made by the Government of India to encourage Local Boards to finance light railways in their own districts by advancing them money on the security of their resources, and it is expected that the negotiations for the construction of the Bezwada-Masulipatam, Tinnevely-Tiruchendur and Kurnool branch railways, will soon be brought to a satisfactory conclusion.

7. At the beginning of the official year 1904-1905, there were 27,138 miles of railway open for traffic and 3,050 miles under construction. At the close of the year 1904-1905 there will be 27,749 miles open and 3,139 miles under construction, giving a combined total of 30,888 miles.

During the current year sanction was accorded to the construction of 700 miles of railways.

FINANCIAL STATEMENT OF THE

8. The railways of India, taken as a whole, for the fifth year in succession show a balance to the credit of the general revenues after paying working expenses, interest charges *and payments for annuities in redemption of Capital*. The approximate figures for 1904-1905, as compared with the three previous years, are as follows :—

	1901-1902. Lakhs.	1902-1903. Lakhs.	1903-1904. Lakhs.	1904-1905. Lakhs.
Surplus of revenue over expenditure .	126·99	34·34	129·10	338·15

9. Compared with the figures of the previous year the results for the year 1904-1905 show an improvement of 209·05 lakhs. The receipts are more by 365·92 lakhs, the working expenses are higher by 106·25 lakhs, while interest charges, etc., have increased by 50·62 lakhs.

F. R. UPCOTT, *Chairman.*

W. H. WOOD, }
T. R. WYNNE, } *Members.*

CALCUTTA;
The 17th March 1905.

STATEMENT A IN APPENDIX III.

STATEMENT

OF

Anticipated Capital Expenditure on Railways, Open or under Construction,
for the year 1905-1906.

Branch lines under rebate terms are excluded.

FINANCIAL STATEMENT OF THE CAPITAL EXPENDITURE ON RAILWAYS—1905-1906.

(Figures in Lakhs and Decimals of Lakhs.)

No.	RAILWAY.	Grants allotted for 1904-1905.	Distribution of grants during 1905-1906.
A.—OPEN LINES.		R	R
I. (i)—STATE, BY STATE AGENCY.			
Eastern Bengal—			
1	Main line	38'52	37'00
2	Canal Junction-Kakurgachi, duplicating	2'13	0'13
3	Kasipur-Chitpur Improvements	3'98	2'67
4	Kakurgachi Chord	4'20	1'77
5	Jodhpur-Hyderabad (British Section)	0'17	0'46
6	Oudh and Rohilkhand	21'49	29'00
North Western—			
7	Main Line	73'69	96'58
8	Rohri-Samasata, doubling	6'16	30'00
9	Warora Colliery	—0'58	—0'20
10	Purchase of Railways	45'42	...
11	Reserve	...	25'00
Total Open Lines, State, by State Agency .		195'18	222'41
I. (ii)—STATE, BY THE AGENCY OF MAIN LINE COMPANIES.			
12	Assam-Bengal	21'98	23'00
Bengal and North-Western—			
13	Tirhoot and Hajipur-Katihar	16'50	9'00
Bombay, Baroda and Central India—			
14	B., B. and C. I.	...	3'00
15	Rajputana-Malwa	11'50	20'00
East Indian—			
16	Main Line	79'50	57'50
Great Indian Peninsula—			
17	Main Line	92'73	56'00
18	Bhopal-Itarsi (British Section)	0'90	2'22
Madras—			
19	Nilgiri	2'00	3'00
20	North-East Line (East Coast)	13'24	19'00
Nizam's Guaranteed State—			
21	Bezwada Extension	0'03	0'03
South Indian—			
22	Main Line	10'50	} 15'00
23	Pamban Branch	0'62	
Southern Mahratta—			
24	Guntakal-Mysore Frontier	0'13	0'15
Total Open Lines, State, by Agency of Main Line Companies .		249'63	207'90

CAPITAL EXPENDITURE ON RAILWAYS—1905-1906—*contd.*

(Figures in Lakhs and Decimals of Lakhs.)

No.	RAILWAY.	Grants allotted for 1904-1905.	Distribution of grants during 1905-1906.
	A.—OPEN LINES—<i>contd.</i>	₹	₹
	II.—FROM CAPITAL ACCOUNT OF THE OLD GUARANTEED COMPANIES.		
25	Bombay, Baroda and Central India	—3'81	6'00
	Madras—		
26	Main line	12'99	43'00
27	Calicut-Azhikal	—0'31	0'50
	Total Open Lines, old Guaranteed Companies .	8'87	49'50
	III.—FROM CAPITAL ACCOUNT OF COMPANIES OTHER THAN THE OLD GUARANTEED COMPANIES.		
28	Bengal Central	0'17	—0'10
29	Bengal Nagpur	14'12	9'50
30	Burma	26'15	28'61
	Great Indian Peninsula—		
31	Indian Midland	19'11	17'00
	Rohilkund and Kumaon—		
32	Lucknow-Bareilly	0'66	1'65
	Southern Mahratta—		
33	Main line	8'26	19'00
34	Mysore Section	1'05	2'20
	Total Open Lines, other Companies .	69'52	77'86
	IV.—FROM CAPITAL ACCOUNT OF BRANCH LINE COMPANIES WITH FIRM GUARANTEE.		
35	Hardwar-Dehra	0'69	0'34
	Total Open Lines, Branch Line Companies .	0'69	0'34

FINANCIAL STATEMENT OF THE CAPITAL EXPENDITURE ON RAILWAYS—1905-1906—*contd.*

(Figures in Lakhs and Decimals of Lakhs.)

No.	RAILWAY.	Length.	Amount of estimate or approximate cost.	Outlay to end of 1903-1904.	Grants allotted during 1904-1905.	Distribution of grants during 1905-1906.
		Miles.	₹	₹	₹	₹
B.—CONSTRUCTION OF LINES.						
I. (i)—STATE, BY STATE AGENCY.						
<i>Lines in Progress.</i>						
36	Agra-Delhi Chord	121	114'31	71'31	42'97	3'62
37	Coonoor-Ootacamund	12	21'45	...	2'30	13'00
Eastern Bengal—						
38	Golakganj-Gauhati	151	92'31	16'95	16'37	36'00
39	Kaunia-Bonarpara	45	21'79	10'44	8'20	2'14
40	Nagda-Muttra	142*	129'39*	...	11'65	30'00
North-Western—						
41	Khushalgarh-Kohat, conversion	33	24'46	...	2'96	23'00
42	Khushalgarh-Kohat-Thal	92	61'14	57'84	3'90	0'68
43	Lower Sind Extension	...	...	20'86	12'80	...
44	Quetta-Nushki	83	70'06	37'18	32'69	11'87
45	Sargoda-Shorkot Road (Jech-Doab, Southern Section)	103	71'59	11'09	29'32	27'00
46	Shahdara-Sangla	55	28'29	...	7'44	12'00
Oudh and Rohilkhand—						
47	Allahabad-Fyzabad	97	117'09	96'61	12'10	0'95
48	Allahabad-Jaunpur	57	30'23	...	6'50	24'00
Ranaghat-Katihar—						
49	Katihar-Godagari	105	104'86	...	8'10	23'00
50	Ranaghat-Murshidabad-Lalgola	98	105'53	45'12	27'54	24'00
51	Reserve	...	...	...	...	15'00
<i>New lines.</i>						
52	Reserve	...	...	...	...	10'00
TOTAL		...	...	367'40	224'84	261'26

* These figures are for the Nagda-Kotah Section only.

CAPITAL EXPENDITURE ON RAILWAYS—1905-1906—*contd.*

(Figures in Lakhs and Decimals of Lakhs.)

No.	RAILWAY.	Length.	Amount of estimate or approximate cost.	Outlay to end of 1903-1904.	Grants allotted during 1904-1905.	Distribution of grants during 1905-1906.
		Miles.	₹	₹	₹	₹
B.—CONSTRUCTION OF LINES—contd.						
I. (ii)—STATE, BY AGENCY OF MAIN LINE COMPANIES.						
Lines in Progress.						
53	Bengal and North-Western (Tirhoot State Railway)—	238	125'72	19'68	35'00	52'00
54	Mansi-Baptiahi } Sakri-Jainagar and others }					
55	Bombay, Baroda and Central India (Rajputana-Malwa)— Rewari-Phulera	133	53'25	15'10	27'00	12'00
Burma—						
56	Henzada-Kyangin	66	54'59	...	31'50	{ 22'00 48'00
57	Pegu-Moulmein	122	112'88	...		
East Indian—						
58	Gya-Barakar	148	206'81	71'01	60'00	60'00
59	Khurja-Hapur	39	26'08	1'01	4'50	13'00
60	Ondal-Sainthia	44	43'55	1'23	10'00	30'00
61	Shikohabad-Farukhabad	66	53'82	15'46	15'00	17'00
62	Great Indian Peninsula— Warora-Bellarpur	38	31'90	...	8'00	17'00
Madras—						
63	Azhikal-Mangalore	77	129'05	33'61	42'40	30'00
South Indian—						
64	Travancore Branch (British Section)	50	45'06	39'81	3'94	0'58
65	Ditto ditto (Native State Section)	58	112'66	106'67	10'13	1'00
66	Rameswaram Extension	12	26'14	...	1'00	3'00
	TOTAL	...	...	303'58	248'47	305'58
New Lines.						
67	Assam Bengal— Akhaura-Bhairab Bazar	19	13'02	...	...	3'65
68	Bombay, Baroda and Central India (Rajputana-Malwa)— Virangam-Malia	83	52'11	...	...	5'00
East Indian—						
69	Bhagalpur-Bausi	31	23'31	...	...	5'00
70	Hooghly-Katwa	65	61'72	...	...	5'00
71	Great Indian Peninsula— Bombay Harbour Branch	8	32'87	...	...	13'50
	TOTAL	...	...	...	...	32'15
II.—AGAINST THE CAPITAL ACCOUNT OF THE OLD GUARANTEED COMPANIES.						
		...	...	...	...	...
III.—AGAINST THE CAPITAL ACCOUNT OF COMPANIES OTHER THAN THE OLD GUARANTEED COMPANIES.						
Lines in Progress.						
Bengal-Nagpur—						
72	Hariharpur-Bhojudih	28	26'36	1167'27	124'49	82'00
73	Midnapur-Jherriah	114	236'28			
74	Pench Valley	29	16'53			
75	Sini-Midnapur-Cuttack-Calcutta	360	1003'98			
76	Satpura (Jabalpur-Gondia)	233	126'32			
	TOTAL	...	...	1167'27	124'49	83'00
New Lines.						
77	Bengal-Nagpur— Gondia-Chanda	222	89'34	...	...	10'00
	TOTAL	...	...	...	...	10'00
IV.—AGAINST THE CAPITAL ACCOUNT OF BRANCH LINE COMPANIES WITH FIRM GUARANTEE.						
		...	...	...	...	...

FINANCIAL STATEMENT OF THE
CAPITAL EXPENDITURE ON RAILWAYS—1905-1906—concl'd.
(Figures in Lakhs and Decimals of Lakhs.)

No.	RAILWAY.	Distribution of grants for 1905-1906.	
		₹	₹
	ABSTRACT BY OPEN LINES AND CONSTRUCTION.		
	A.—CAPITAL FOR OPEN LINES.		
	I. (i) State, by State agency	222'41	
	I. (ii) State, by agency of Main Line Companies	207'90	
	II. Old Guaranteed Companies	49'50	
	III. Other Railway Companies	77'86	
	IV. Branch Line Companies	0'34	
	TOTAL OPEN LINES		558'01
	B.—CAPITAL FOR LINES IN PROGRESS AND NEW LINES.		
	I. (i) State, by State agency	261'26	
	I. (ii) State, by agency of Main Line Companies	337'73	
	II. Old Guaranteed Companies	...	
	III. Other Railway Companies	93'00	
	IV. Branch Line Companies	...	
	TOTAL LINES IN PROGRESS AND NEW LINES		691'99
	GRAND TOTAL		1250'00
	ABSTRACT SHOWING DISTRIBUTION BY FUNDS.		
I.—From Imperial Funds.	(i) By State Agency { (a) Open Lines	222'41	
	(i) By State Agency { (b) Construction	261'26	
	Total (i)		483'67
	(ii) By the Agency of Main Line Companies. { (a) Open Lines	207'90	
	(ii) By the Agency of Main Line Companies. { (b) Construction	337'73	
	Total (ii)		545'63
	TOTAL I		1029'30
	II.—Against the Capital Account of the old Guaranteed Companies. { (a) Open Lines	49'50	
	II.—Against the Capital Account of the old Guaranteed Companies. { (b) Construction	...	
	TOTAL II		49'50
III.—Against the Capital Account of Companies other than the old Guaranteed Companies.	(a) Open Lines	77'86	
	(b) Construction	93'00	
	TOTAL III		170'86
IV.—Against the Capital Account of Branch Line Companies with firm Guarantee.	(a) Open Lines	0'34	
	(b) Construction	...	
	TOTAL IV		0'34
	TOTAL, I TO IV { (a) Open Lines	558'01	
	TOTAL, I TO IV { (b) Construction	691'99	
	GRAND TOTAL		1250'00

STATEMENT B IN APPENDIX III.

List of proposed new lines in alphabetical order.

No.	Railway.	Length in Miles.	Estimated cost.
	ASSAM BENGAL RAILWAY SYSTEM—		Lakhs.
1	Hajiganj-Shatnal	24	32'82
2	Kalaura-Fenchuganj	16	8'00
	BENGAL NAGPUR RAILWAY SYSTEM—		
3	Bankura (Bishenpur)-Calcutta	105	246'00
4	Berhampore-Russelkonda	49	14'91
5	Chindwara-Nagpur	113	24'00
6	Ganjam District Light Railways	246	65'33
7	Purulia-Ranchi	75	59'70
8	Vizianagram-Raipur (with Sointilla branch)	310	281'00
	BENGAL AND NORTH-WESTERN RAILWAY SYSTEM—		
9	Begum Sarai-Rowsara	14	5'50
10	Bhatni-Bettiah	50	...
11	Captainganj-Padrauna	18	...
12	Jaunpur-Azimgarh	35	...
	BOMBAY, BARODA AND CENTRAL INDIA RAILWAY SYSTEM—		
13	Deesa-Tharad	85	22'72
14	Malia-Bhuj-Badin	195	200'00
	BURMA RAILWAYS SYSTEM—		
15	Bhamo-Momein	146	188'00
16	Daga-Naikban	55	40'00
17	Irrawady bridge at Sagaing	...	44'44
18	Pegu-Syriam	...	...
19	Southern Shan State	112	68'58
20	Thamaing-Malagon	...	4'46
	EASTERN BENGAL RAILWAY SYSTEM—		
21	Dacca-Aircha	45	58'14
22	Ganges bridge at Sara	...	130'00
23	Murshidabad-Azimganj	6	18'06
24	Mymensingh-Netrokona-Bara Ari	36	22'16
25	Sara-Serajganj-Jagannathganj	70	...
26	Singhjani-Sherpur-Nalitabari	25	12'39
	EAST INDIAN RAILWAY SYSTEM—		
27	Burdwan-Katwa	34	29'20
28	Cawnpore-Hamirpur	35	10'00
29	Katwa-Ahmedpur	32	32'00
30	Katwa-Azimganj-Barharwa	103	86'37

FINANCIAL STATEMENT OF THE
STATEMENT B IN APPENDIX III—*concl'd.*
List of proposed new lines in alphabetical order.

No.	Railway.	Length in Miles.	Estimated cost.
	GREAT INDIAN PENINSULA RAILWAY SYSTEM—		Lakhs.
31	Belarpur-Warungal	180	...
32	Harpalpur-Kalpi	102	15'91
33	Harpalpur-Nowgong	19	2'98
34	Itarsi-Nagpur	250	...
35	Khamgaon-Jalna	94	32'65
36	Khandwa-Akola-Basim-Purna	252	170'00
37	Multai-Wardha	91	...
38	Muttra-Aligarh	37	30'47
	JODHPUR-BIKANER RAILWAY SYSTEM—		
39	Baran-Ajmer-Marwar	213	137'00
	MADRAS RAILWAY SYSTEM—		
40	Podanur-Palni	59	...
41	Salem-Atur	36	17'60
	NORTH WESTERN RAILWAY SYSTEM—		
42	Badin-Jangshai	70	37'42
43	Bannu-Khanai	361	302'00
44	Jullundur-Kapurthala (British Section)	7	2'99
45	Larkana-Shahdadpur	33	20'00
46	Lodhran-Mailsi	40	30'00
47	Peshawar-Bannu	134	53'00
48	Rawalpindi-Murree, with extensions	50	41'34
49	Sarai, Kala-Abbottabad-Srinagar	200	...
	OUDH AND ROHILKHAND RAILWAY SYSTEM—		
50	Pilibhit-Barmdeo	40	20'00
	ROHILKUND AND KUMAON RAILWAY SYSTEM—		
51	Barhwal-Sitapur	60	23'40
	SOUTHERN MAHRATTA RAILWAY SYSTEM—		
52	Bezwada-Masulipatam	50	22'62
53	Guntur-Repalle	38	17'34
54	Kurnool Road-Kurnool	32	7'11
55	Phirangipuram-Gurzala	51	12'60
	SOUTH INDIAN RAILWAY SYSTEM—		
56	Dindigal-Satyamangalam	119	117'85
57	Nanjangud-Erode	121	123'04
58	Tinnevely-Tiruchendur	38	...
59	Trichinopoly-Tirukkoyilur	97	74'43

STATEMENT C IN APPENDIX III.

Statement showing proposed lines which are under negotiation for construction by private companies.

No.	Name of railway.	Length.	Estimated cost.
		Miles.	R
<i>Bengal—</i>			
1	Mymensingh, <i>vid</i> Netrokona, to Bara Ari, with branch from Shambhuganj to Gauripur .	36	22,16,000
2	Panchkura to Luff Point with terminal and loading arrangements for ships or steamers at the latter place	30	(a)
3	Purulia-Ranchi	75	(b)
4	Singhjani, <i>vid</i> Sherpur, to Nalitabari	25	12,39,000
5	Sirajganj-Ullapara	18	11,00,000
<i>Bombay—</i>			
6	Dholka-Dhandhuka	40	} Not stated
7	Dhandhuka-Ranpur	18	
<i>Central Provinces—</i>			
8	Kamptee-Deolapar, with Munsar-Ramteck branch	34½	Not stated
<i>Madras—</i>			
9	Berhampore-Russelkonda	49	14,91,000
10	Bezwada-Masulipatam	50	22,62,000
11	Guntur-Repalli	38	17,34,000
12	Kurnool Road (Dhone)-Kurnool	32	7,11,000
13	Phirangipuram-Gurzala	51	12,60,000
14	Tinnevely-Tiruchendur	38	Not stated
<i>North-West Frontier Province—</i>			
15	Sarai Kala-Abbottabad-Kashmir frontier	80	91,00,000
<i>Punjab—</i>			
16	Rawalpindi-Murree, with extensions to Kuldana and Gharial	50	41,34,000
<i>United Provinces—</i>			
17	Cawnpore-Hamirpur	35½	10,00,000

(a) The share capital of the proposed company is £ 250,000, which, at Rs 15=£1, is equivalent to Rs 37,50,000.

(b) The share capital of the proposed company is Rs 30,00,000.

STATEMENT D IN APPENDIX III.

Memorandum on the construction of Railways.

Open lines on 1st April 1904.

	Miles.	Miles.
(i) Eastern Bengal	278.68	
North Western	(g) 3,123.76	4,543.63
Oudh and Rohilkhand	(h) 1,191.19	
(ii) Bengal Central (a)	125.01	
Bengal-Nagpur	1,681.46	
Bezawada Extension (b)	20.58	
Bhopal-Itarsi (British section) (c)	13.11	
East Indian	1,935.11	6,783.26
Godhra-Rutlam-Nagda (d)	141.14	
Great Indian Peninsula	1,561.63	
Indian Midland (e)	805.03	
Madras (North-East line) (e)	(f) 497.19	
Bombay, Baroda and Central India	(i) 504.35	1,408.16
Madras	903.81	
(iv) Hardwar-Dehra (j)	...	32.04
South Behar (k)	79.76	
(v) Southern Punjab (l)	423.33	659.57
Tapti Valley (d)	155.48	
(vi) A. Delhi-Umballa-Kalka (k)	...	162.36
B. Tarkessur (k)	...	22.23
(vii) Bhopal-Itarsi (Native State section) (e)	44.28	
Bhopal-Ujjain (e)	113.27	
Bina-Goonna-Baran (e)	145.63	
Kolar Gold-fields (e)	9.88	
Nagda-Ujjain (d)	34.32	709.93
Nizam's Guaranteed State	330.13	
Petlad-Cambay (Anand-Tarapur section) (d)	23.50	
Petlad-Cambay (Tarapur-Cambay section) (d)	10.82	
Jammu and Kashmir (Native State section) (l)	15.32	
Ludhiana-Dhuri-Jakkal (l)	78.68	201.63
Rajputana-Bhatinda (l)	107.05	
(viii) Cawnpore-Burhwal (Metre gauge line) (e)	79.60	
Eastern Bengal—		
Northern, Behar and Kaunia-Dhubri sections		698.79
(including the Teesta-Kurigram branch, and the		
British section of the Santragachi extension)	533.27	
Dacca section	85.92	
Assam Bengal	740.38	
Bengal and North-Western—		
Company's section (m)	870.80	
Tirhoot section	516.89	
Burma	1,336.97	
Guntakal-Mysore frontier (n)	119.50	
Jodhpur-Hyderabad (British section) (o)	123.98	
Lucknow-Bareilly (p)	237.04	8,140.02
Mysore section (Southern Mahratta) (n)	296.22	
Nilgiri (e)	16.99	
Palanpur-Deesa (d)	17.28	
Rajputana-Malwa (d)	(q) 1,639.30	
South Indian	1,123.13	
Southern Mahratta	1,042.04	
Tinnevely-Quilon (Travancore) (British section) (r)	49.50	
(ix) Brahmaputra-Sultanpur (f)	...	59.37
(x) Tanjore District Board (r)	...	99.46
Ahmedabad-Bhokla (d)	33.50	
Ahmedabad-Parantij (d)	54.70	
(xii) Mysore-Singh-Jamalpur-Jagannathganj (i)	52.70	175.80
Noakhali (Bengal) (u)	34.90	
(xiii) A. Rohilkund and Kumaon	...	53.92
B. Dibru-Sadiya	...	77.50
C. Bengal-Dooars	...	36.40
D. Bengal Dooars Extensions	116.56	
Deoghur	4.79	139.44
Sagauli-Raxaul (v)	18.09	
(xiv) Ledo and Likak-Margherita (w)	...	11.00
Bhavnagar-Gondal-Junagad-Portbandar	(x) 334.19	
Bikaner	245.35	
Dhrangadra (y)	20.83	
Jamnagar (y)	(z) 54.22	1,223.04
Jetalsar-Rajkot (y)	46.21	
Jodhpur	454.94	
Udaipur-Chitor	67.30	
(xv) Birur-Shimoga (n)	37.92	
Gaekwar's Mehsana (d)	92.63	
Hindupur (Yesvantpur-Mysore frontier) (n)	51.35	
Hyderabad-Godavari Valley (b)	391.42	
Kolhapur (n)	29.27	724.94
Mysore-Nanjangud (n)	15.80	
Shoranur-Cochin (e)	64.75	
Tinnevely-Quilon (Travancore) (Native State		
section (r)	0.43	
Vijapur-Kalol-Kadi (d)	41.37	
(xvi) Karaikkal-Peralam (r)	14.65	
Pondicherry (r)	7.85	73.61
West of India Portuguese (n)	51.11	
(xvii) Dandol Light (2' 6") (l)	6.18	
Jorhat (2' 6")	36.25	
Khushalgarh-Kohat-Thal (2' 6") (l)	91.73	166.41
Nowshera-Duigai (2' 6") (l)	40.25	
(xviii) Bengal-Nagpur—		
Jubbulpore-Gondia Extension (2' 6")	124.21	
Raipur-Dhamtari (2' 6")	56.24	180.45
Darjeeling-Himalayan (2' 6")	51.00	
A. Thaton-Duyinzaik (2' 6")	7.76	58.76
Bukhtiarpur-Nehar Light (2' 6")	18.50	
Howrah-Amra Light (2' 6")	28.69	
(xix) B. Howrah-Sheakhala Light (2' 6")	19.75	107.29
Ranaghat-Krishnagar Light (2' 6")	20.25	
Tezpur-Balipara Light (2' 6")	20.10	
C. Barsi Light (2' 6")	21.59	
Kalka Simla (2' 6")	59.44	120.53
Powayan Light (2' 6") (p)	39.50	
(xx) Tarakeshwar-Magra Light (2' 6")	...	31.12
A. Morri (2' 6")	...	94.36
Gaekwar's Dabholi (2' 6") (d)	88.00	
(xxi) B. Gwalior Light (2' 6") (e)	157.48	307.47
Parlakimedi Light (2' 6") (aa)	24.62	
Rajpipla (2' 6") (d)	37.37	
C. Cooch Behar (2' 6") (i)	...	33.60

At the commencement of 1904-1905, i.e., on the 1st April 1904, the total length of railways open for traffic was 27,138.09 miles, made up as follows:—

	Miles.	Miles.
5' 6" gauge—		
(i) State lines worked by the State	4,543.63	
(ii) State lines worked by companies	6,783.26	
(iii) Companies' lines guaranteed by Government under the old contracts	1,408.16	
(iv) Companies' lines guaranteed by Government under modern contracts	32.04	
(v) Branch line companies' railways assisted by Government under "Rebate" terms	659.57	
(vi) Assisted companies' lines—		
A. Subsidized by the Government of India	162.36	
B. Receiving land only from Government	22.23	184.59
(vii) Native State lines—		
A. Worked by companies	709.93	
B. Worked by State railway agency	201.63	911.56
3' 3½" gauge—		
(viii) State lines worked by the State	698.79	
(ix) State lines worked by companies	8,140.02	
(x) Companies' lines guaranteed by Government under modern contracts	59.37	
(xi) District Boards' lines	99.46	
(xii) Branch line companies' railways assisted by Government under "Rebate" terms	175.80	
(xiii) Assisted companies' lines—		
A. Subsidized by the Government of India	53.92	
B. Subsidized by Local Governments	77.50	
C. Subsidized by District Boards	36.40	
D. Receiving land only from Government	139.44	307.26
(xiv) Unassisted companies' lines	...	11.00
(xv) Native State lines—		
A. Worked by Native States	1,223.04	
B. Worked by companies	724.94	1,947.98
(xvi) Lines in Foreign Territory	73.61	11,513.29
Special (2' 6" and 2' 0") gauges—		
(xvii) State lines worked by the State	168.41	
(xviii) State lines worked by companies	180.45	
(xix) Assisted companies' lines—		
A. Subsidized by Local Governments	58.76	
B. Subsidized by District Boards	107.29	
C. Receiving land only from Government	120.53	280.58
(xx) Unassisted companies' lines	...	31.12
(xxi) Native State lines—		
A. Worked by Native States	94.36	
B. Worked by companies	307.47	
C. Worked by State railway agency	33.60	435.43
TOTAL		27,138.09

(a) Although for convenience classed amongst State railways, this line is the property of the Bengal Central Railway Company.

(b) Worked by His Highness the Nizam's Guaranteed State Railways Company.

(c) Worked by the Great Indian Peninsula Railway Company.

(d) Worked by the Bombay, Baroda and Central India Railway Company.

(e) Worked by the Madras Railway Company.

(f) Includes 2.66 miles of mixed (5' 6" and 3' 3½") gauge line between Bezawada and Kistna Block hut and 0.31 mile of 3' 3½" gauge line between Kistna Block hut and Tadepalli.

(g) Includes 5.61 miles of military line not used for public traffic and 26.28 miles of mixed (5' 6" and 3' 3½") gauge line between Bhatinda and Kot Kapura, worked over by the North Western State and Rajputana-Malwa railways.

(h) Includes 16.79 miles of mixed (5' 6" and 3' 3½") gauge line between Burhwal and Bara Banki, 0.59 mile on the Cawnpore Bridge and 1.81 miles of 3' 3½" gauge mileage between the Oudh and Rohilkhand State Railway Cantonment and the Bengal and North-Western Railway City station at Tenares.

(i) Includes 39.15 miles of 3' 3½" gauge mileage between Viramgam and Wadhwan.

(j) Worked by the Oudh and Rohilkhand State railway.

(k) Worked by the East Indian Railway Company.

(l) Worked by the North Western State railway.

(m) Although for convenience classed amongst State railways, this line is the property of the Bengal and North-Western Railway Company.

(n) Worked by the Southern Mahratta Railway Company.

(o) Worked by the Jodhpur-Bikaner railway.

(p) Worked by the Rohilkund and Kumaon Railway Company.

(q) Includes 2.10 miles at Ujjain, 3.07 miles between Agra Cantonment, and Jumna East Bank and 0.94 mile between Lahori Gate (Cabin and Brewery Cabin Delhi) laid on the 2' 6" gauge and 20.28 miles of mixed (5' 6" and 3' 3½") gauge line between Kot-Kapura and Bhatinda, worked over by the Rajputana-Malwa and North Western State railways.

(r) Worked by the South Indian Railway Company.

(s) Excludes 3.66 miles of the Lucknow-Bareilly railway between Aishbagh and Dalgaon, worked over, but includes 10.79 miles of mixed (5' 6" and 3' 3½") gauge line between Burhwal and Bara Banki and 0.59 mile of the Oudh and Rohilkhand State railway on the Cawnpore bridge.

(t) Worked by the Eastern Bengal State railway.

(u) Worked by the Assam Bengal Railway Company.

(v) Worked by the Bengal and North-Western Railway Company.

(w) Worked by the Assam Railways and Trading Company.

(x) Includes 5.3 miles of Bhavnagar Dock estates and Junagad quarry lines.

(y) Worked by the Bhavnagar Gondal-Junagad-Portbandar railway.

(z) Includes 3.93 miles of the Bedi Bandar Dock estate lines.

(aa) Worked by the Bengal-Nagpur Railway Company.

FINANCIAL STATEMENT OF THE

And the mileage under construction or sanctioned for construction on the same date was 3,049'73 miles, as follows :—

5' 6" gauge—

(i) State lines worked by the State	Miles.	437'87
(ii) State lines worked by companies	Miles.	567'59
(iii) Branch line companies' railways assisted by Government under "Rebate" terms	Miles.	156'40
	Miles.	1,161'86

3' 3½" gauge—

(iv) State lines worked by the State	Miles.	195'87
(v) State lines worked by companies	Miles.	718'49
(vi) District Boards' lines	Miles.	5'53
(vii) Assisted companies' lines subsidized by the Government of India	Miles.	148'00
(viii) Native State lines worked by companies	Miles.	130'47
	Miles.	1,198'36

Special (2' 6" and 2' 0") gauges—

(ix) State lines worked by the State	Miles.	6'80
(x) State lines worked by companies	Miles.	174'70
(xi) Assisted companies' lines—	Miles.	
A. Subsidized by District Boards	Miles.	140'00
B. Receiving land only from Government	Miles.	201'87
	Miles.	341'87
(xii) Unassisted companies' lines	Miles.	2'15
(xiii) Native State lines—	Miles.	
A. Worked by Native States	Miles.	11'86
B. Worked by companies	Miles.	130'11
C. Worked by State railway agency	Miles.	22'02
	Miles.	163'99
	Miles.	689'51
	TOTAL	3,049'73

There was thus a grand total of railways completed and in hand, on the 1st April 1904, of miles 30,187'82

Lines under construction or sanctioned.

	Miles.	Miles.	Miles.
Eastern Bengal—			
Kakunzachi Chord	2'25		
Ranaghat to Lalga	97'50	105'75	
Panchooria to the Ganges river (b)	6'00		
North Western—			
Hyderabad to Badin	62'00		
From a point 12 miles south of Quetta to Nushki	82'50	247'50	437'87
Sargoda to Shorkot Road	103'00		
Ordn and Rohilkhand—			
Allahabad to Phaphamau	7'62		
Phaphamau to Zafarabad	57'50	84'62	
Hapur to Meerut	19'50		
Agra-Delhi Chord		120'10	
Azhikhal-Mangalore		77'27	
Bengal-Nagpur—			
Bhojudih to Hariharpur	26'96		
Bhojudih to Parthadihi	2'28		
Malkera to Mohda	3'40		
Junction with the Sanctoria branch to Aldih	2'47	41'32	
Southern half of the Malkera-Katragarh cross connection	0'71		
Jamadhoba to Balliary	5'50		
East Indian—			
Manpur to Hariharpur	9'79		
Ondal to Sainthia	43'62		
Mile 170½ from Howrah on the Jharla branch to Chandore	4'16	254'01	567'59
Tasra siding	1'75		
Khurja to Hapur	38'87		
Shikohabad to Farukhabad	65'82		
Great Indian Peninsula—			
Warora to Bellary (a)		37'90	
Madras (North-East line)—			
Korukkuppettai to Basin Road		0'33	
Salem-Attur (a)		36'06	
(iii) Southern Punjab—			
Ludhiana to MacLeod Ganj			56'40

(iv) Eastern Bengal—			
Kaunia to Bonarpara		44'25	
Golokganj to the Brahmaputra river opposite Gauhati		151'62	195'87
Bellary-Rayadrug		33'00	
Bengal and North-Western—			
Company's section—			
Gorakhpur to Bagaha		60'94	
Uska Bazar to Tulsipur		53'54	
Gainsari to Jarwa		12'56	
Tirhoot section—			
Mansi to Bhaptiahi		60'37	
Saharsa to Murliganj		18'61	
Sakri to Jaynagar		30'47	
Bairagnia to Bikanthori		79'65	
Bettiah to Bagaha		49'35	365'39
(v) Burma Extensions—			
Pegu to Martaban (a)		121'27	
Hospet-Kottur		44'10	
Nilgiri—			
Coonoor to Ootacamund		11'50	
Rajputana-Malwa—			
Rewari to Phulera		133'32	
South Indian—			
Tirupachetti to Sivaganga		9'00	
Tinnevely-Quilon (Travancore) (British section)—			
Portion of the British section near the Frontier of the Travancore State		0'91	
(vi) Tanjore District Board—			
Arantangi Quarry branch		3'90	
Adirampatnam Salt siding		1'00	
Thambikkottal Salt siding		0'63	5'53
(vii) Rohilkund and Kumaon—			
Bareilly to Soron		56'00	
Moradabad to Ramnagar		47'00	
Lalkua to Kashipur		45'00	148'00
(viii) Jaipur—			
Sanganer to Siwai Madhopur (a)		72'85	
Tinnevely-Quilon (Travancore) (Native State section)—			
Quilon to the British frontier near Shencottah		57'62	130'47

(ix) Jullundur-Kapurthala-Sultanpur (British section)—			
Jullundur to the British Frontier (d)			6'80
Bengal-Nagpur—			
Jubbulpore-Gondia Extension (2' 6")—			
Jubbulpore to Neipur		68'01	
Neipur to Mandla		22'67	130'91
Seoni to Chindwara		40'23	
Morappur-Dharmapuri (2' 6")			18'36
Tirupattur-Krishnagiri (2' 6")			25'43
Baraset-Basirhat Light (2' 6")			26'00
Howrah-Amta Light (2' 0")—			
Jagatballabpur to Autpur		8'50	
Autpur to Champadanga (a)		9'00	
Autpur to Rajbulhat (a)		3'50	21'00
Madura District Board (2' 6")—			
Ammayanayakkanur to Kotagudi		55'00	
Periyakulam to Krishna-Manak's Tope		5'03	
Thent to Karuvanath		33'00	93'00
(xi) Barsi Light (2' 6")—			
Barsi Road Junction to Pandharpur		30'67	
Barsi Town to Tadwala		26'70	57'37
Dwara-Therria Light (2' 6")—			
Dwara to Maolong		13'50	
Maolong to Therria Ghat (a)		6'00	19'50
Shahdara-Saharanpur Tramway (2' 6")—			
Shahdara to Saharanpur		95'00	
Baraut to Meerut		30'00	125'00
(xii) Tarakeshwar-Magra Light (2' 6")—			
Magra to Tribeni			2'15
(A) Cutch (2' 6")—			
Anjar to Tuna			
Gaekwar's Dabhoi (2' 6")—			
Mobha to Masor Road (Kanjat)		6'49	
Gwallior Light (2' 0")—			
Jora Alapur to Shiupur		91'52	130'11
Moharhanj (2' 6")—			
Baripada Road to Baripada		32'10	
(C) Jullundur-Kapurthala-Sultanpur (Native State section)—			
Sultanpur to the British Frontier (d)			22'02

(a) Commencement of work not authorized.
(b) Constructed but not worked.

(c) Completion deferred.
(d) Commencement of work not authorised and question of gauge not finally settled.

New lines authorised.

	Miles.	Miles.	Miles.
(i) Nagda-Muttra (Southern section)— Nagda to the crossing of the Chambal river	141.52		196.69
North Western— Shahdara to Saugla	55.17		
(ii) Bengal-Central— Dum Dum to Pattipooker (a)	2.68		30.67
East Indian— Haridharpur to Dhanbaid (b) (c)	21.43	23.02	
Nagri to Kusunda (c)	1.59		
Indian Midland— Cawnpore-Collectorongunge branch (c)	0.63	4.97	
Agra-Balinganj branch (c)	4.34		
(iii) Petlad-Cambay (Tarapur-Cambay section)— Cambay to Cambay Bandar			1.39
(iv) Eastern Bengal— Katihar to Godagari			105.00
(v) Bengal and North-Western— Company's section— Dharonda to Maharajganj	3.90		106.07
Savan to Thawe	17.00	25.40	
Tirhoot section— Bhagalpur to Bhagalpur Ghat	4.50		
Burma— Suburban lines at Basseia (c)	3.18		
Burma Extensions— Benzada to Kyangin		65.66	
South Indian— Mandapam to Ramaswaram Temple	10.12	11.83	
Tangachimadam to Fort Amphihill	1.71		
(vi) Jodhpur— Merta Road to Merta City			8.95
(vii) Bengal-Nagpur— Jubbulpore-Gondia Extension (2' 6")— Chhindwara to Burcoole	21.36		250.87
K'ursadeyl to Singora	7.76		
Gondia-Chanda (2' 6")— Gondia to Chanda (d)	158.00		
Fauni (Brahmapuri) to Nagpur (d)	63.75		
(viii) Matheran (2' 0")— Neral to Matheran			12.79

Lines opened or likely to be opened.

(ix) Eastern Bengal— Fanchoria to the Ganges river	6.00		92.93
North Western— Hyderabad to Badin	*61.84		
Oudh and Rohilkhand— Allahabad to Phaphamau	*7.00	25.09	
Hapur to Meerut	*18.09		
Agra-Delhi Chord— Raja Kir Mandi (Agra) to Delhi	*119.94		
(x) Bengal (Central)— Dum Dum to Pattipooker (a)	2.68		133.21
Bengal-Nagpur— Junction with the Sanctoria branch to Aldih (e)	*2.55	8.49	
Jamadhoba to Balliary (f)	*5.23		
Southern half of the Malkera-Katrasgarh cross con- nection (g)	0.71		
Indian Midland— Portion of the Agra-Balinganj branch	2.10		
(xi) Bengal and North-Western— Company's section— Uska Bazar to Barhni (Bahadurganj)	31.00		121.19
Tirhoot section— Bettiah to Shikarpur	23.00	84.47	
Sakri to Jaynagar	30.47		
Burma— Suburban lines at Basseia	3.18		
Rajputana Malwa— Kewari to Narnaul	32.63		
(xii) Tinnevely-Quilon (Travancore) (British section)— Port on of the British section near the Frontier of the Travancore State		0.91	
(xiii) A. Jodhpur— Merta Road to Merta City			8.95
B. Tinnevely-Quilon (Travancore) (Native State section)— Quilon to the British Frontier near Shencottah			57.62
(xiv) Bengal-Nagpur— Jubbulpore-Gondia Extension (2' 6")— Jubbulpore to Neinpur	*68.14		108.50
Seoni to Chhindwara	*40.36		
(xv) Baraset-Kasirhat Light (2' 6")		26.00	34.50
Howrah-Amra Light (2' 0")— Jagatbaliabpur to Autpur		8.50	
(xvi) Tarakeswar-Magra Light (2' 6")— Magra to Tribeni			2.15
(xvii) Gackwar's Dabhoi (2' 6")— Mobha to Musor Road (Kanjat)		6.49	64.44
Gwalior Light (2' 0")— Jora Alapur to Sabalgarh	*25.85		
Moharbhani (2' 6")— Baripada Road to Baripada	32.10		

During 1904-1905, i.e., from 1st April 1904 to the 31st March 1905, 712.43 miles of new railway have been authorised as follows :—

	Miles.	Miles.
5' 6" gauge—		
(i) State lines worked by the State	196.69	
(ii) State lines worked by companies	30.67	
(iii) Native State lines worked by com- panies	1.39	228.75

3' 3 3/8" gauge—		
(iv) State lines worked by the State	105.00	
(v) State lines worked by companies	106.07	
(vi) Native State lines worked by Native States	8.95	220.02

Special (2' 6" and 2' 0") gauges—		
(vii) State lines worked by companies	250.87	
(viii) Assisted companies' lines receiving land only from Government	12.79	263.66
TOTAL		712.43

And 623.49 miles have been or are likely to be opened to public traffic as follows :—

	Miles.	Miles.
5' 6" gauge—		
(ix) State lines worked by the State	92.93	
(x) State lines worked by companies	133.21	226.14

3' 3 3/8" gauge—		
(xi) State lines worked by companies	121.19	
(xii) Native State lines— A. Worked by Native States	8.95	
B. Worked by companies	57.62	66.57
		187.76

Special (2' 6" and 2' 0") gauges—		
(xiii) State lines worked by companies	108.50	
(xiv) Assisted companies' lines subsidized by District Boards	34.50	
(xv) Unassisted companies' lines	2.15	
(xvi) Native State lines worked by com- panies	64.44	209.59
TOTAL		623.49

(a) Previously treated as a siding.
(b) Sanction includes provision for a second track, 25.09 miles in length, from Dhanbaid to Barakar.
(c) Sanctioned prior to 1st April 1904.
(d) Commencement of work not authorised.
(e) Includes 1.30 miles opened prior to the 1st April 1904.
(f) Includes 3.49 miles opened prior to the 1st April, 1904.
(g) Opened prior to the 1st April 1904.
* Correction of mileage.

The total length of open line at the commencement of 1905-1906, i.e., on the 1st April 1905, will, therefore, be 27,749·08 miles, comprising—

5' 6" gauge—	Miles.	Miles.
(i) State lines worked by the State	4,635·33	
(ii) State lines worked by companies	6,917·03	
(iii) Companies' lines guaranteed by Government under the old contracts	1,408·36	
(iv) Companies' lines guaranteed by Government under modern contracts	32·04	
(v) Branch line companies' railways assisted by Government under "Rebate" terms	659·57	
(vi) Assisted companies' lines—		
A. Subsidized by the Government of India	162·36	
B. Receiving land only from Government	22·23	
	184·59	
(vii) Native State lines—		
A. Worked by companies	709·93	
B. Worked by State railway agency	201·70	
	911·63	14,748·55
3' 3½" gauge—		
(viii) State lines worked by the State	772·23	
(ix) State lines worked by companies	7,377·49	
(x) District Boards' lines	99·46	
(xi) Branch line companies' railways assisted by Government under "Rebate" terms	174·47	
(xii) Assisted companies' lines—		
A. Subsidized by the Government of India	53·92	
B. Subsidized by Local Governments	77·50	
C. Subsidized by District Boards	36·40	
D. Receiving land only from Government	1,023·15	
	1,190·97	
(xiii) Unassisted companies' lines	8·50	
(xiv) Native State lines—		
A. Worked by Native States	1,231·99	
B. Worked by companies	782·27	
	2,014·26	
(xv) Lines in Foreign Territory	73·60	11,710·98
Special (2' 6" and 2' 0") gauges—		
(xvi) State lines worked by the State	168·41	
(xvii) State lines worked by companies	287·17	
(xviii) Assisted companies' lines—		
A. Subsidized by Local Governments	58·76	
B. Subsidized by District Boards	121·54	
C. Receiving land only from Government	120·53	
	300·83	
(xix) Unassisted companies' lines	33·27	
(xx) Native State lines—		
A. Worked by Native States	94·36	
B. Worked by companies	371·91	
C. Worked by State railway agency	33·60	
	499·87	1,289·55
TOTAL		27,749·08

- (a) Worked by the Great Indian Peninsula Railway Company.
 (b) Although for convenience classed amongst State railways, this line is the property of the Bengal Central Railway Company.
 (c) Worked by His Highness the Nizam's Guaranteed State Railways Company.
 (d) Worked by the Bombay, Baroda and Central India Railway Company.
 (e) Worked by the Madras Railway Company.
 (f) See foot-note (f) on page 691.
 (g) See foot-note (g) on page 691.
 (h) See foot-note (h) on page 691.
 (i) Includes 39·33 miles of 3' 3½" gauge line between Viramgam and Wadhwan.
 (j) Worked by the Oudh and Rohilkhand State railway.
 (k) Worked by the East Indian Railway Company.
 (l) Worked by the North Western State railway.
 (m) Worked by the Southern Mahratta Railway Company.

* Correction of mileage.
 † Transferred under Assisted Companies' lines, receiving land only from Government.
 ‡ Purchased by the State with effect from 1st April 1904 and amalgamated with the 3' 3½" gauge section of the Eastern Bengal State railway.
 ¶ Made up as follows:—

Open at the commencement of 1904-1905	27,180·09
Opened during 1904-1905	623·49

Deduct—

Mileage of the Eastern Bengal State railway between Debiganj and Anchara Ghat abandoned	5·24
Net decrease due to corrections of mileage.	7·26

12·50

27,749·08

Open lines on 1st April 1905.

	Miles.	Miles.
(i) Eastern Bengal	284·68	
North Western	(a) 3,185·00	4,635·33
Oudh and Rohilkhand	(b) 1,119·14	
Agra-Delhi border (a)	127·6	
Bengal Central (b)	* 1,695·75	
Bengal-Nagpur	20·58	
Bezawada Extension (a)	13·11	
Bhopal-Itarsi (British section) (a)	* 1,937·87	6,917·03
East Indian	141·14	
Godhra-Rutlam-Nagda (d)	1,561·63	
Great Indian Peninsula	27·13	
Indian Midland (a)	(f) 497·19	
Madras (North-East line) (a)	* 504·35	1,408·36
Bombay, Baroda and Central India	* 904·61	
Madras	...	32·04
Hardwar-Dehra (j)	78·76	
South Behar (k)	425·33	659·57
Southern Punjab (l)	155·48	
Tapti Valley (d)	...	162·36
(vi) A. Delhi-Umhal-Kalka (k)	...	22·23
B. Tarkessur (k)	...	
Bhopal-Itarsi (Native State section) (a)	44·28	
Bhopal-Ujjain (a)	113·27	
Bina-Goonna-Baran (a)	145·63	
Kolar Gold-fields (a)	9·88	
Nagda-Ujjain (d)	34·32	
Nizam's Guaranteed State	330·13	
Petlad-Cambay (Aund-Tarapur section) (d)	21·50	
Petlad-Cambay (Tarapur-Cambay section) (d)	10·32	
Jammu and Kashmir (Native State section) (l)	15·99	
Ludhiana-Uhuri-Jakhal (l)	78·66	201·70
Rajpura-Bhatinda (l)	107·05	
Cannore-Burhwal (Metre gauge link)	(r) 79·60	
Eastern Bengal	...	
Northern, Behar and Kaimia-Dhubri sections (including the Teesta-Kurigram, and Ranaghat Krishnagar branches, and the British section of the Santrabari extension).	* 606·71	772·23
Dacca section	85·92	
Brahmaputra-Sultanpur	...	
Assam-Bengal	740·38	
Bengal and North-Western (Company's section)	...	
Burma	1,340·15	
Guntakal-Mysore frontier (m)	119·50	
Jodhpur-Hyderabad (British section) (n)	173·98	
Lucknow-Bareilly (o)	237·04	
Mysore section (Southern Mahratta) (m)	296·22	
Nilgiri (e)	16·99	7,377·49
Palanpur-Deesa (d)	17·28	
Rajputana-Malwa (d)	(p) 1,681·93	
South Indian	1,123·13	
Southern Mahratta	1,042·04	
Tinnevely-Quilon (Travancore) (British section) (q)	* 50·40	
Tirhoot (r)	588·45	
(x) Tanjore District Board (q)	...	99·46
Ahmedabad-Dholka (d)	33·50	
Ahmedabad-Parantij (d)	54·70	
Mymensingh-Jamshpur-Jagannathganj (f)	* 51·37	174·47
Noakhali (Bengal) (u)	34·90	
A. Rohilkund and Kumaon	...	53·92
B. Dibru-Sadiya	...	77·50
C. Bengal Dooars	...	36·40
(xii) D. Bengal and North-Western	901·80	
Bengal Dooars Extensions	116·56	1,023·15
Deoghur	4·79	
(xiii) Ledo and Tikak-Margherita (v)	...	8·50
Bhavnagar-Gondal-Junagad-Forbandar	(w) 334·19	
Bikaner	245·35	
Dhrangadra (x)	20·83	
Jamnagar (x)	(y) 54·22	1,231·99
Jetalsar-Rajkot (x)	46·21	
Jodhpur	463·89	
Udaipur-Chitor	67·30	
Birur-Shimoga (m)	37·92	
Gokwar's Mehsana (d)	92·63	
Hindupur (Yesvantpur-Mysore frontier) (m)	51·35	
Hyderabad-Godavari Valley (e)	* 391·13	
Kolhapur (m)	29·27	782·27
Mysore-Nanjangud (m)	15·81	
Shoranur-Cochin (e)	64·75	
Tinnevely-Quilon (Travancore) (Native State section) (q)	58·35	
Vijapur-Kalol-Kadi (d)	41·37	
(xv) Karaikkal-Peralam (q)	14·65	
Pondicherry (q)	7·85	73·60
West of India Portuguese (m)	* 51·10	
(xvi) Dandot Light (2' 0") (h)	6·18	
Jorhat (2' 0")	30·25	
Khushalgarh-Kohat-Thal (2' 6") (i)	91·73	168·41
Nowshera-Durgai (2' 6") (i)	40·25	
(xvii) Jubbulpore-Gondia Extension (2' 6")	* 230·93	
Raipur-Dhamtari (2' 6")	56·24	287·17
A. Darjeeling-Himalayan (2' 0")	51·01	
Thaton-Juyinzaik (2' 6")	7·76	58·76
Baraset-Basirhat Light (2' 6")	26·03	
Bukhtiarpur Behar Light (2' 6")	18·50	
Howrah-Amta Light (2' 0")	37·19	
Howrah-Sheakhala Light (2' 0")	19·75	121·54
Ranaghat-Krishnagar Light (2' 6")	...	
Tezpur-Balipara Light (2' 6")	30·10	
Barsi Light (2' 6")	21·59	
Kalka-Simla (2' 6")	59·44	120·53
Prawayan Light (2' 6") (o)	39·50	
(xix) Tarakeswar-Magra Light (2' 6")	...	33·27
A. Morvi (2' 6")	...	94·36
Ga kwar's Dabhoi (2' 6") (d)	91·49	
Gwalior Light (2' 0") (a)	183·33	
Moharbhani (2' 6") (x)	32·10	371·91
Parlakhimedi Light (2' 6") (z)	24·62	
Rajpipla (2' 6") (d)	37·37	
C. Cooch Behar (2' 6") (t)	...	33·60

n Worked by the Jodhpur-Bikaner railway.

(a) Worked by the Rohilkund and Kumaon Railway Company.

(g) See foot-note (g) on page 691.

(p) Worked by the South Indian Railway Company.

(r) Worked by the Bengal and North-Western Railway Company.

(s) See foot-note (s) on page 691.

(t) Worked by the Eastern Bengal State railway.

(u) Worked by the Assam Bengal Railway Company.

(v) Worked by the Assam Railways and Trading Company.

(w) Includes 5·13 miles of Bhavnagar Dock estates and Junagad quarry lines.

(x) Worked by the Bhavnagar-Gondal-Junagad-Forbandar railway.

(y) Includes 5·93 miles of the Bedi Bandar Dock estate lines.

(z) Worked by the Bengal-Nagpur Railway Company.

§ Purchased by the State with effect from 11th April 1904 and amalgamated with the Tirhoot railway.

¶ Purchased by the State with effect from the 1st July 1904 and amalgamated with the 3' 3½" gauge section of the Eastern Bengal State railway.

Lines under construction on 31st March 1905.

	Miles.	Miles.	Miles.
(i) Eastern Bengal—			
Kakargachi Chord	2.25		99.75
Ranaghat to Lalga	97.50		
Nagda Muttra (Southern section)—			
Nagda to the crossing of the Chambal river		141.52	
(ii) North Western—			
From a point 12 miles south of Quetta to			539.44
Nushki	82.50		
Sargoda to Shorkot Road	103.00		210.67
Shahdara to Sangla	55.17		
Oudh and Rohilkhand—			
Phaphamau to Zafarabad		57.50	
Azhikal-Mangalore		77.27	
Bengal-Nagpur—			
Bhojudih to Hartharpur	26.96		
Bhojudih to Parthadihi	2.28		32.61
Malkera to Mohda	3.40		
East Indian—			
Mile 170 ² from Howrah on the Jharla branch			
to Chandore	4.16		
Tasra siding	1.75		
Ondal to Sainthia	14.93		
Manpur to Dhanbaid	121.49		279.23
Nagri to Kasunda	1.59		
Shikohabad to Farukhabad	65.82		
Khurja to Hapur	39.49		
Great Indian Peninsula—			
Warora to Bellarpur		37.59	
Indian Midland—			
Cawnpore-Collectorgunge branch	0.63		2.87
Portion of Agra-Balinganj branch	2.24		
Madras (North-East line)—			
Korukkupettai to Basin Road	0.85		
Salem-Attur (a)	36.06		
(iii) Southern Punjab—			
Ludhiana to MacLeod Ganj			154.00
(iv) Petlad-Cambay (Tarapur-Cambay section)—			
Cambay to Cambay Bandar			1.39
(v) Eastern Bengal—			
Kaunia to Bonarpara		41.25	
Golokganj to the Brahmaputra river			300.87
opposite Gaubati		151.62	
Katihar to Odagari		105.00	
Bellary-Ravadrug		33.00	
Bengal and North-Western—			
Company's section—			
Dharonda to Maharajganj	3.90		
Savae to Thawe	17.00		
Gorakhpur to Bagaha	60.94		
Barhni (Bahadurganj) to Tulsipur	22.54		
Gainsari to Jarwa	12.56		
Tirhoot section—			
Bhagalpur to Bhagalpur Ghat	4.50		306.32
Mausi to Bhaptiali	60.37		
Saharsa to Murliganj	18.61		
Shikarpur to Bagaha	26.35		
Bairagnia to Bikanthori	79.55		
(vi) Burma Extensions—			
Henzada to Kyangin	65.66		186.93
Pegu to Martaban	121.27		
Hospet-Kottur		44.10	
Nilgiri—			
Coonoor to Ootacamund		11.50	
Rajputana-Malwa—			
Narnaul to Phulera		100.69	
South Indian—			
Tirupachettai to Sivagunga	9.00		
Madapam to Rameswaram Temple	10.12		20.83
Tangachimadam to Port Amptthili	1.71		
(vii) Tanjore District Board—			
Arantangi Quarry branch	3.90		
Adirampatnam Salt sidings	1.00		5.53
Thambikkottai Salt siding	0.63		
(viii) Rohilkund and Kumaon—			
Barilly to Soron	56.00		
Moradabad to Ramnagar	47.00		148.00
Lalkua to Kashipur	45.00		
(ix) Jaipur—			
Sanganer to Siwal-Madhupur			72.85
(x) Jullundur-Kapurthala-Sultanpur (British section)—			
Jullundur to the British frontier (b)			6.80
Bengal-Nagpur—			
Jubbulpore-Gondia Extension (2' 6")—			
Neinpur to Mandla	22.67		
Chhindwara to Burcooie	21.36		
Khursadevi to Sirgora	7.76		
Gondia-Chanda (2' 0")—			
Gondia to Chanda (a)	158.00		273.54
Pauni (Brahmapuri) to Nagpur (a)	63.75		
Morappur-Dharmapuri (2' 6")		18.36	
Tirupattur-Krishnagiri (2' 6")		25.43	
Howrah-Amra Light (2' 0")—			
Autpur to Champadanga (a)	9.00		
Autpur to Rajbulhat (a)	3.50		12.50
Madura District Light (2' 6")—			
Ammayanayakkanur to Kotagudi	55.00		
Periyakulam to Krishna Manak's Tope	5.00		93.00
Theni to Karuvannath	33.00		
(xii) Barsi Light (2' 6")—			
Barsi Road Jn. to Pandharpur	30.67		
Barsi Town to Tadwala	26.70		57.37
Dwara-Therria Light (2' 6")—			
Dwara to Maolong (e)	13.50		
Maolong to Therria Ghat (a)	6.00		19.50
Shahdara-Saharanpur Tramway (2' 6")—			
Shahdara to Saharanpur	95.00		
Baraut to Meerut	30.00		125.00
Matheran (2' 0")—			
Neral to Matheran		12.79	
(xiii) A Cutch (2' 6")—			
Anjar to Tuna			11.86
B Gwalior Light (2' 0")—			
Sabulgarh to Chhapur			68.60
C Jullundur-Kapurthala-Sultanpur (Native State section)—			
Sultanpur to the British frontier (c)			22.02

And the mileage under construction or sanctioned for construction on the 31st March 1905 will be 3,138.73 miles, made up as follows:—

	Miles.	Miles.	Miles.
5' 6" gauge—			
(i) State lines worked by the State			539.44
(ii) State lines worked by companies			466.51
(iii) Branch line companies' railways assisted by Government under "Rebate" terms			154.00
(iv) Native State lines worked by companies			1.39
			<u>1,161.34</u>
3' 3 3/4" gauge—			
(v) State lines worked by the State			300.87
(vi) State lines worked by companies			703.37
(vii) District Boards' lines			5.53
(viii) Assisted companies' lines subsidized by the Government of India			148.00
(ix) Native State lines worked by companies			72.85
			<u>1,230.62</u>
Special (2' 6" and 2' 0") gauges—			
(x) State lines worked by the State			6.80
(xi) State lines worked by companies			317.33
(xii) Assisted companies' lines—			
A. Subsidized by District Boards			105.50
B. Receiving land only from Government			214.66
			<u>320.16</u>
(xiii) Native State lines—			
A. Worked by Native States			11.86
B. Worked by companies			68.60
C. Worked by State railway agency			22.02
			<u>102.48</u>
			<u>746.77</u>
TOTAL			3,138.73

Making a grand total of railways completed and in hand, at the commencement of 1905-1906 of miles 30,887.81

And showing, after allowing for lines abandoned and corrections of mileage, an advance on the previous year of miles 699.99

(a) Commencement of work not authorized.

(b) Commencement of work not authorized and question of gauge not finally settled.

(c) Completion deferred for want of funds.

(d) Correction of mileage.

† Made up as follows:—

Completed and in hand at the beginning of 1904-1905

Sanctioned during 1904-1905

30,187.82

712.43

30,900.25

Deduct—

Mileage of the Eastern Bengal State railway between

Debiganj and Anchara Ghat abandoned

Net decrease due to corrections of mileage

5.94

7.20

12.44

30,887.81

It is expected that the following lengths of unfinished line will be opened for public traffic in 1905-1906:—

	Miles.	Miles.	Miles.
<i>5' 6" gauge—</i>			
(i) State lines worked by the State	236'25		
(ii) State lines worked by companies	146'33		
(iii) Branch line companies' railways assisted by Government under "Rebate" terms	154'00		
		536'58	
<i>3' 3½" gauge—</i>			
(iv) State lines worked by the State	99'25		
(v) State lines worked by companies	362'67		
(vi) Assisted companies' lines receiving land only from Government	96'04		
		557'96	
<i>Special (2' 6" and 2' 0") gauges—</i>			
(vii) State lines worked by companies	43'79		
TOTAL		1,138'33	

Leaving the undermentioned lines for completion in 1906-1907 or later:—

	Miles.	Miles.	Miles.
<i>5' 6" gauge—</i>			
(viii) State lines worked by the State	303'19		
(ix) State lines worked by companies	320'18		
(x) Native State lines worked by companies	1'39		
		624'76	
<i>3' 3½" gauge—</i>			
(xi) State lines worked by the State	201'62		
(xii) State lines worked by companies	223'76		
(xiii) District Boards' lines	5'53		
(xiv) Assisted companies' lines—			
A. Subsidized by the Government of India	148'00		
B. Receiving land only from Government	20'90		
		168'90	
(xv) Native State lines worked by companies	72'85		
		672'66	
<i>Special (2' 6" and 2' 0") gauges—</i>			
(xvi) State lines worked by the State	6'80		
(xvii) State lines worked by companies	273'54		
(xviii) Assisted companies' lines—			
A. Subsidized by District Boards	105'50		
B. Receiving land only from Government	214'66		
		320'16	
(xix) Native State lines—			
A. Worked by Native States	11'86		
B. Worked by companies	68'60		
C. Worked by State railway agency	22'02		
		102'48	
TOTAL		702'93	
TOTAL		2,000'40	

	Miles.	Miles.	Miles.
(i) Eastern Bengal—			
Kakurgachi Chord	2'25		
Ranaghat to Lalga	97'53		
(ii) North Western—			
From a point 12 miles south of Quetta to Nushki	82'50		
Sargoda to Chund Bharwana	54'00		
(iii) Southern Punjab—			
Ludhiana to MacLeod Ganj			154'00
(iv) Eastern Bengal—			
Kamia to Bonarpara	44'25		
Golaganj to Salmara Road	55'00		
Bellary-Rayadrog	33'00		
Hospet-Kottur	44'10		
(v) Tirhoot—			
Narnaul to Phulera	100'69		
Mansi to Bhaptiahi	60'37		
Saharsa to Murliganj	18'61		
Shikarpur to Bagaha	26'35		
Bairagnia to Bikanthori	79'55		
(vi) Bengal and North-Western			
Gorakhpur to Bagaha	60'94		
Barhni (Bahadurganj) to Tulsipur	22'54		
Gainsari to Jarwa	12'56		
(vii) Morappur-Dharmapuri (2' 5")			
Tirupattur-Krishnagiri (2' 6")	18'36		
	25'43		43'79
(viii) Nagda-Matra (Southern section) —			
Nagda to the crossing of the Chambal river	141'52		
(ix) North Western—			
Chund Bharwana to Shorkot Road	49'00		
Shahdara to Sangla	55'17		
(x) Oudh and Rohilkhand—			
Phaphamau to Zafarabad	57'50		
(xi) Azhikal-Mangalore—			
Kalnad to Mangalore	32'27		
(xii) East Indian—			
Mile 170½ from Howrah on the Jharra branch to Chandore	4'16		
Tasra siding	1'75		
Ondal to Sainthia	44'93		
Manpur to Dhanbaid	121'49		
Nagri to Kusunda	1'59		
Khurja to Hapur	39'49		
(xiii) Great Indian Peninsula—			
Warora to Bellarpur	37'59		
(xiv) Madras (North-East line)—			
Korukkupettai to Basin Road	0'85		
Salem-Attur (a)	36'06		
(xv) Petlad-Cambay (Tarapur-Cambay section)—			
Cambay to Cambay Bandar			1'39
(xvi) Eastern Bengal—			
Salmara Road to the Brahmaputra river opposite Gauhati	96'62		
Katihar to Godagari	105'00		
(xvii) Burma Extensions—			
Henzada to Kyangin	65'66		
Pegu to Martaban	121'27		
(xviii) Nilgiri—			
Coonoor to Ootacamund	11'50		
(xix) South Indian—			
Tirupachettai to Sivaganga	9'00		
Mandapam to Ra newwaram Temple	10'12		
Tangachimadam to Port Amphill	1'71		
(xx) Tirhoot—			
Bhagalpur to Bhagalpur Ghat	4'50		
(xxi) Tanjore District Board—			
Arantangi Quarry branch	3'90		
Adirampatnam Salt siding	1'00		
Thambikkottai Salt siding	0'63		
(xxii) A. Rohilkund and Kumaon—			
Bareilly to Son	56'00		
Moradabad to Ramnagar	47'00		
Lalkua to Kashipur	45'00		
(xxiii) B. Bengal and North-Western—			
Dharonda to Maharajganj	3'90		
Savan to Thawe	17'00		
(xxiv) Jaipur—			
Sanganer to Siwai-Madhupur			72'85
(xxv) Jullundur-Kapurthala-Sultanpur (British section) —			
Jullundur to the British Frontier (c)			6'80
(xxvi) Bengal-Nagpur—			
Jubbulpore-Gondia Extension (2' 6") —			
Neinpur to Mandla	22'67		
Chhindwara to Burcoole	21'38		
Khursadevi to Sirgora	7'76		
Gondia-Chanda (2' 6") —			
Gondia to Chanda (a)	158'00		
Pauni (Brahmapuri) to Nagpur (a)	63'75		
(xxvii) Howrah-Amra Light (2' 0") —			
Autpur to Champadanga (a)	9'00		
Autpur to Rajbulhat (a)	3'50		
(xxviii) A. Madura District Light (2' 6") —			
Ammayanayakkanur to Kotagudi	55'00		
Periyakulam to Krishna Manaik's Tope	5'00		
Thent to Karuvanath	33'00		
(xxix) B. Barli Light (2' 6") —			
Barli Road Junction to Pandharpur	30'67		
Barli Town to Tadwala	26'70		
(xxx) Dwara-Therria Light (2' 6") —			
Dwara to Maolong (b)	13'50		
Maolong to Therria Ghat (a)	6'00		
(xxxi) Shahdara-Saharanpur Light (2' 6") —			
Shahdara to Saharanpur	95'00		
Baraut to Meerut	30'00		
(xxxii) Matheran (2' 0") —			
Neral to Matheran	12'79		
(xxxiii) A. Cutch (2' 6") —			
Anjar to Tuna			11'86
(xxxiv) B. Gwalior Light (2' 0") —			
Sabalgarh to Shiupur			68'60
(xxxv) C. Jullundur-Kapurthala-Sultanpur (Native State section) —			
Sultanpur to the British Frontier (c)			22'02

(a) Commencement of work not authorized.

(b) Completion deferred for want of fund

(c) Commencement of work not authorized and question of gauge not finally settled.

APPENDIX IV.

	1896-97.	1897-98.	1898-99.
Recorded Revenue compared with recorded expenditure, excluding Capital Expenditure on Public Works not charged against Revenue—			
Surplus	...	...	£ 2,640,873
Deficit	₹ 1,70,50,220	₹ 5,35,92,110	...
Capital Expenditure on Public Works not charged against Revenue*	₹ 6,42,01,230	₹ 5,30,92,250	£ 3,279,316
Ditto charge involved in Redemption of Liabilities	...	...	...
Net Public Debt incurred	5,407,235	6,077,779	£ 2,553,052
Net Public Debt incurred, including Capital transactions with Guaranteed Railways and other Companies	7,538,228	5,651,626	£ 1,169,161
Value of commodities exported, excluding Gold and Silver . .	₹ 1,03,98,40,000	97,63,30,000	1,12,80,00,000
Ditto imported, ditto ditto	76,11,70,000	73,04,70,000	72,10,20,000
Excess of Exports over Imports, excluding Gold and Silver . .	27,86,70,000	23,98,60,000	40,69,80,000
Net Imports of Gold	2,29,10,000	4,90,90,000	6,50,30,000
Ditto of Silver	5,85,60,000	8,47,30,000	3,98,10,000
TOTAL NET IMPORTS OF GOLD AND SILVER	8,14,70,000	13,38,20,000	10,48,40,000
Excess of Exports over Imports including Gold and Silver . .	19,72,00,000	10,60,40,000	30,21,40,000
Grand Total value of Imports and Exports of all kinds . .	1,98,12,30,000	1,98,95,90,000	2,10,20,80,000
Secretary of State's Bills sold (Rupees)	25,78,70,106	14,01,28,010	28,07,03,671
Sterling Equivalent received	15,526,547	9,506,077	18,092,377
Silver coined at the Indian Mints	56,86,050	98,56,910	69,83,050
Maximum price in pence of an oz. troy. standard Silver in London	31½ (June)	28½ (Apl.)	28½ (Sept.)
Minimum ditto ditto ditto	28½ (Mar.)	23½ (Aug.)	25½ (Apl.)
Average Exchange upon Secretary of State's Bills sold per rupee	1s. 2'4505d.	† 1s. 3'3539d.	1s. 3'9784d.
Fixed rate of Exchange for the Adjustment of Transactions between the Indian and Imperial Treasuries	1s. 1½d.	1s. 2½d.	1s. 3½d.
Maximum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	10 (Dec. 23 to Mar. 31).	12 (Feb. 24 to Mar. 31).	12 (Apl. 1—27)
Minimum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	3 (July 2 to Sept. 2).	5 (July 15 to Sept. 8 & Nov. 25 to Dec. 15)	4 (July 28 to Sept. 7).
Maximum rate of discount at the Bank of England	4	3 (Oct. to Mar.)	4 (Apl. and May Oct. to Jan.)
Minimum ditto ditto	2	2 (May to Sept.)	2½ (July to Sept.)
Maximum Government balances at the three Presidency Banks	₹ 3,91,42,000 (Aug.)	3,27,96,000 (Mar.)	3,48,23,000 (Aug.)
Minimum ditto ditto	2,02,19,000 (Nov.)	2,02,53,000 (Sept.)	2,76,74,000 (Nov.)
Maximum price in Calcutta of Government 4 per cent Rupee Securities	...	...	...
Minimum ditto ditto	...	...	...
Maximum price in Calcutta of Government 3½ per cent Rupee Securities (Guaranteed)	110—15 (May)	104—1 (May 21)	101—11 (Feb. 22)
Minimum ditto ditto	98—11 (Feb.)	94—4 (Jan. 7)	92—10 (Apl. 22)
Maximum price in Calcutta of 3 per cent Rupee Securities .	105 (Aug.)	97—4 (May & June).	95—8 (Mar. 15 to 17 and 22).
Minimum ditto ditto	97 (Jan. to Mar.)	90—0 (Jan. to Mar.)	86—0 (Nov. 16 to Jan. 17).
Maximum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts	26,64,72,000 (Nov.)	23,47,80,000 (Apl.)	21,93,37,000 (Oct.)
Minimum ditto ditto	23,92,57,000 (Mar.)	21,39,05,000 (Mar.)	21,33,46,000 (Aug.)
Maximum price in London of 4 per cent (Rupee) Securities in Gold . .	...	...	...
Minimum ditto ditto	...	...	...
Maximum price in London of 3½ per cent (Rupee) Securities in Gold .	65½ (Aug.)	64½ (Jan.)	67½ (Mar.)
Minimum ditto ditto	60 (Oct.)	60½ (Dec.)	61½ (Oct. and Nov.)
Maximum price in London of India 3½ per cent Stock	122½ (Apl.)	119½ (Aug.)	117½ (Mar.)
Minimum ditto ditto	114½ (Sept.)	114½ (Mar.)	111 (Oct.)
Maximum price in London of India 3 per cent Stock	115½ (May)	112½ (Mar.)	109½ (Feb.)
Minimum ditto ditto	106 (Oct.)	105 (Mar.)	103½ (Oct.)
Maximum price in London of India 2½ per cent Stock	103 (June)	99½ (Apl.)	94½ (Mar.)
Minimum ditto ditto	95½ (Sept.)	92 (Mar.)	84½ (Oct.)
Maximum Government Paper Currency outstanding	29,58,99,000 (July)	24,75,40,000 (Mar.)	28,20,33,000 (Mar.)
Minimum ditto ditto	23,57,85,000 (Feb.)	22,86,16,000 (May)	23,24,55,000 (May)
Number of Post Office Savings Banks	6,420	6,290	6,310
Number of accounts in Post Office Savings Banks	713,320	730,387	755,871
Amount deposited in Savings Banks	9,63,92,411	9,28,72,978	9,42,80,041
Average of each deposit	135'13	127'15	124'73
Net addition to deposits	59,69,339	—35,19,433	14,07,063

* Excludes Capital charge involved in redemption of

† In calculating this rate, a re-remittance to India

‡ Excludes remittances of Gold Reserve Fund.

§ Include remittances of the Gold Reserve Fund.

|| Continuing.

DIX IV.

FINANCIAL STATISTICS.

CELLANEOUS.

1899-1900.	1900-1901.	1901-1902.	1902-03.	1903-04.	1904-1905, Revised.	1905-1906, Budget.
£ 2,774,623	£ 1,670,204	£ 4,950,243	£ 3,069,549	£ 2,996,400	3,485,500	903,800
£ 4,093,159	£ 4,040,958	£ 4,071,152	£ 5,128,192	£ 5,043,003	6,523,300	7,695,400
£ —121,298	£ 5,922,350	£ 2,582,283	£ 1,039,655	£ 2,146,825	3,411,100	3,427,400
£ —787,763	£ 10,827,153	£ 3,207,898	£ 1,414,781	£ 225,540	4,416,000	7,200,800
1,09,08,30,000	1,07,71,80,000	1,24,89,50,000	1,29,39,60,000	1,53,51,70,000	1,20,05,60,000(b)	
75,30,40,000	80,89,50,000	88,78,00,000	85,81,90,000	92,59,20,000	86,73,70,000(b)	
33,77,90,000	26,82,30,000	36,11,50,000	43,57,70,000	60,92,50,000	42,31,90,000(b)	
9,44,00,000	8,20,000	1,93,80,000	8,76,40,000	9,93,20,000	7,23,20,000(b)	
3,57,70,000	9,50,70,000	7,19,30,000	6,95,70,000	13,55,00,000	10,79,90,000(b)	
13,01,70,000	10,34,90,000	9,13,10,000	15,72,10,000	23,48,20,000	18,03,10,000(b)	
20,76,20,000	16,17,40,000	26,98,40,000	27,85,60,000	37,14,30,000	24,28,80,000(b)	
2,13,31,80,000	2,27,41,70,000	2,45,74,86,000	2,50,25,20,000	2,99,67,90,000	2,63,88,80,000(b)	
28,48,00,943	19,98,37,693	\$27,83,01,050	\$27,74,67,265	\$35,67,94,845	\$36,19,11,000	(a) 26,75,00,000
19,067,022	13,300,277	\$18,539,071	\$18,499,947	\$23,859,303	\$24,200,000	(a) 17,833,000
2,22,59,751	17,26,48,724	5,13,47,732	11,38,94,848	16,53,11,541	9,38,68,546	(11 months).
29 (Apl.)	30 $\frac{3}{8}$ (Oct.)	27 $\frac{1}{2}$ (Apl.)	24 $\frac{1}{2}$ (April)			
26 $\frac{1}{2}$ (Oct.)	27 $\frac{1}{8}$ (Apl.)	24 $\frac{1}{2}$ (Mar.)	21 $\frac{1}{2}$ (Nov. & Jan.)			
1s. 4'0676d.	1s. 3'9733d.	1s. 3'9876d.	1s. 4'0018d.	1s. 4'049d.	1s. 4'048d.	1s. 4d.
1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4a.
8 (Oct. 17 to 25 and Jan. 11 to Mar. 14).	8 (Feb. 7 to Mar. 20).	8 (Feb. 12 to Mar. 26)	8 (Feb. 19 to Mar. 25)	7 (From 21st Jan. to 9 Mar.)	8 (From 9th Mar. 05 to)	
4 (July 6 to Sept. 13).	3 (July 5 to Aug. 8).	3 (July 18 to Aug. 21)	3 (July 10 to Oct. 14).	3 (Aug. 27 to Dec. 9.)	3 (23rd June to 5th October).	
6 (Nov. 30 to Jan. 10).	5 (Jan. 3 to Feb. 1).	4 (Apl. to June 5 and Nov. to Jan. 22).	4 (Oct. 2 to Mar. 31).	4 (Apl. 1 to May 20 and Sept. 3 to March).	4 (Apl. 5 to 13)	
3 (Apl. to July 12).	3 (June 14 to July 18).	3 (June 13 to Oct. 30, and Feb. 6 to Mar. 31).	3 (Apl. 1 to Oct. 1).	3 (June 18 to Sept. 2).	2 $\frac{1}{2}$ (From Mar. 9).	
4,16,05,000 (June)	3,31,13,000 (Jan.)	3,38,00,000 (June)	3,60,28,000 (Dec.)	3,52,12,000 (Apl.)	3,84,32,000 (Sept.)	
2,58,60,000 (Nov.)	2,59,78,000 (Nov.)	2,93,82,000 (Mar.)	3,06,74,000 (Oct.)	3,03,54,000 (Feb.)	3,00,53,000 (Jan.)	
...	...	...	...	...	...	
101-9 (May 3 and 4 and 25 to 27).	97-12 (Oct. 24)	97-7 (Aug. 15)	99-9 (May 17)	99-7 (Apl. 27 & 28.)	99-9 (2nd & 3rd Mar.)	
92-4 (Oct. 6)	93-11 (July 28)	94-7 (May 11)	96-12 (Apl. 2&3)	94-10 (Jan. 9)	96-11 (Nov. 11)	
95-8 (May 15 to 29).	89 (5 and 6 Apl. and 1 to 9 May).	87-0 (Apl. 1 to May 8).	87-8 (Mar. 30)	87-8 (Apl. 1)	87-4 (From 3rd March).	
88 (Mar. 13 and 14, 19, 20 and 22 to 31).	85-12 (Feb. 4 to Mar. 25).	83-0 (Jan. 11 to Feb. 1 and Mar. 8 to Mar. 31)	82-12 (Apl. 1&2)	85-4 (Feb. 8 to March 31).	85-4 (5th Apl. to 3rd May).	
21,36,32,000 (Apl.)	22,25,04,000 (Sept.)	22,34,60,000 (Apl.)	20,28,92,000 (Apl.)	18,61,10,000 (Apl.)	17,02,89,000 (Apl.)	
20,28,73,000 (Aug.)	20,84,78,000 (Sept.)	20,23,95,000 (Dec.)	18,63,35,000 (Mar.)	17,05,01,000 (Jan.)	16,50,97,034 (Feb.)	
...	...	...	...	...	...	
67 $\frac{1}{2}$ (Apl.)	65 (Nov.)	64 $\frac{3}{4}$ (Feb.)	66 $\frac{1}{2}$ (Feb. & Mar.)	66 $\frac{3}{8}$ (Sept.)	66 $\frac{1}{2}$ (Feb. & Mar.)	
62 (Oct. and Dec.)	62 $\frac{9}{16}$ (July)	63 (July)	64 $\frac{1}{2}$ (Apl. & June)	64 (Jan. & Feb.)	65 (July).	
116 $\frac{1}{4}$ (Apl.)	111 $\frac{1}{2}$ (Apl.)	109 $\frac{1}{2}$ (Aug.)	110 $\frac{1}{2}$ (June)	108 $\frac{1}{2}$ (July)	107 $\frac{1}{2}$ (May)	
104 $\frac{1}{2}$ (Dec.)	105 (July)	106 $\frac{1}{2}$ (July)	105 $\frac{1}{2}$ (Mar.)	102 (Jan.)	103 (Apl.)	
109 $\frac{1}{2}$ (Aug.)	103 $\frac{1}{2}$ (Apl.)	102 (June)	102 $\frac{1}{2}$ (June)	100 $\frac{1}{2}$ (May)	98 (May)	
98 $\frac{1}{2}$ (Dec.)	95 (Aug.)	97 $\frac{1}{2}$ (Oct.)	98 $\frac{1}{2}$ (Mar.)	93 $\frac{1}{2}$ (March)	93 $\frac{1}{2}$ (Aug.)	
99 $\frac{1}{2}$ (Apl.)	90 $\frac{1}{2}$ (May)	87 (Apl.)	90 $\frac{1}{2}$ (June)	85 $\frac{1}{2}$ (Apl.)	84 $\frac{1}{2}$ (May)	
85 (Dec.)	85 (Aug.)	84 $\frac{1}{2}$ (Dec.)	84 $\frac{1}{2}$ (Mar.)	78 $\frac{1}{2}$ (March)	79 $\frac{1}{2}$ (Apl.)	
29,27,12,000 (July)	30,78,41,000 (July)	31,85,06,000 (Oct.)	35,72,36,000 (Mar.)	38,21,17,000 (Mar.)	42,51,61,000 (July)	
26,26,32,000 (Dec.)	27,89,64,000 (Apl.)	27,67,80,000 (Feb.)	31,24,79,000 (Apl.)	33,94,09,000 (Apl.)	36,11,07,000 (Apl.)	
6,479	6,636	7,053	7,075	7,372		
785,729	816,651	866,693	922,353	987,635		
9,64,64,466	10,04,32,569	10,63,21,233	11,42,15,534	12,33,36,717		
122'77	122'98	123'25	123'33	124'88		
21,84,425	39,68,103	63,88,664	73,94,301	91,21,183		

liabilities.

of Rs.1,00,00,000 by means of Bank drafts is taken into account.

(a) Include remittance of the Currency Department.

(b) Figures for ten months of 1904-05.

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table II.—Statement showing the true financial results to the Revenues of India of the guarantee of interest upon the Capital of Guaranteed Railway Companies.

(Omitting 000 in rupee figures and 00 in sterling figures, except in accounts.)

	ACCOUNTS.					Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
	1899-1900.	1900-1901.	1901-1902.	1902-1903.	1903-1904.		
	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>
Open mileage at end of official year .	2,612	1,305	1,334	1,349	1,408	1,408	904
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Gross traffic receipts	6,26,01,464	3,78,25,951	2,65,89,776	2,82,66,517	2,99,01,287	3,22,55	2,81,50
Working expenses	3,39,93,236	1,80,72,459	1,28,64,943	1,40,73,782	1,57,79,341	1,58,50	1,46,50
Percentage of working expenses on receipts	54'30	47'78	48'38	49'79	52'77	49'14	52'04
Net Revenue .	2,86,08,228	1,97,53,492	1,37,24,833	1,41,92,735	1,41,21,946	1,64,05	1,35,00
Guaranteed Interest paid in England £	2,172,336	1,589,417	1,009,544	1,026,892	1,032,772	1,045,1	1,039,0
Ditto converted at Rs. 15 = £1 from 1898-99	3,25,85,042	2,38,41,249	1,51,43,168	1,54,03,371	1,54,91,582	1,56,77	1,55,85
Guaranteed interest paid in India plus interest on overdrawn Capital .	1,28,387	1,22,657	1,04,551	1,24,895	2,28,672	2,78	83
Surplus paid to Railway Companies .	42,03,949	25,81,739	23,16,119	13,33,564	15,27,629	19,00	19,00
Land and Supervision	9,47,051	—16,263	—1,00,580	—95,196	3,359	—79	6,32
Net loss on receipts and disbursements of Capital in India at the contract rates of exchange instead of at the average yearly rates obtained for the Secretary of State's bills	21,01,940	97,052	—2,80,239	3,59,811	8,46,623	4,64	—97
Total Expenditure .	3,99,66,369	2,66,26,434	1,71,83,019	1,71,26,445	1,80,97,865	1,82,40	1,81,03
Net Expenditure from the Public Treasury	1,13,58,141	68,72,942	34,58,186	29,33,710	39,75,919	18,35	46,03

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table III.—Capital expenditure on State Railways in 1903-1904, and estimated expenditure on such works in 1904-1905 and 1905-1906, and to end of 1905-1906.

RAILWAYS.	To end of 1902-1903.	Accounts, 1903-1904.	Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.	To end of 1905-1906.	Sanctioned outlay.	Balance remaining unspent.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
OPEN LINES.							
East Indian	32,18,27,746	1,33,73,230	1,69,00,000	1,77,50,000	36,98,50,976	36,98,50,976	...
Bagal Central	...	...	...	(h) 75,00,000	75,00,000	75,00,000	...
Rajputana-Malwa System	15,64,95,781	17,07,791	11,50,000	20,00,000	16,13,53,572	16,13,53,572	...
Patnaur-Deesa	2,37,127	—58	...	...	2,37,063	2,37,063	...
Bhopal	29,03,865	1,39,520	90,000	2,22,000	34,15,385	34,15,385	...
Warora Colliery	15,20,883	—51,295	—58,000	—20,000	13,97,588	13,97,588	...
Burma	7,69,12,324	...	...	...	7,69,12,324	7,69,12,324	...
Assam-Bengal (Construction)	6,49,19,360	34,94,097	21,74,000	22,85,000	7,28,12,457	7,28,12,457	...
Ditto (Land)	36,56,994	—12,568	24,000	15,000	36,33,426	36,33,426	...
Jorhat	9,04,264	2,800	1,000	4,000	9,12,124	9,12,124	...
Eastern Bengal	12,31,59,627	38,54,644	73,68,000	42,39,000	13,86,21,271	13,86,21,271	...
Tirhoot	5,00,20,419	9,11,655	24,91,000	9,00,000	5,43,23,074	5,43,23,074	...
Oudh and Rohilkhand	19,02,38,129	37,95,673	21,49,000	30,62,000	20,52,44,802	20,52,44,802	...
Lucknow-Bareilly	51,21,139	...	...	...	51,21,139	51,21,139	...
North Western	(e) 47,78,88,976	19,56,230	73,69,000	1,13,87,000	49,86,01,206	49,86,01,206	...
Guntakal-Mysore frontier	59,05,240	3,005	13,000	15,000	59,36,246	59,36,246	...
South Indian	9,62,72,951	5,29,249	10,50,000	15,00,000	9,93,52,200	9,93,52,200	...
Tanjore District Board	23,47,179	3,95,388	1,00,000	2,00,000	34,42,567	34,42,567	...
Jodhpur-Hyderabad (British-Section)	(f) 39,58,505	4,132	17,000	46,000	40,25,717	40,25,717	...
Petroleum Operations	1,19,187	...	...	...	1,19,187	1,19,187	...
Frontier Railway Reserve Material	43,89,130	9,024	...	...	43,98,154	43,98,154	...
Peshawar Railway Reserve Material	2,88,641	...	...	...	2,88,641	2,88,641	...
Great Indian Peninsula	11,21,08,803	35,97,137	92,73,000	56,00,000	13,05,78,940	13,05,78,940	...
East Coast—Northern Section	3,09,29,430	...	...	...	3,09,29,430	3,09,29,430	...
Madras Railway—North-East Line	6,15,29,993	20,80,531	13,24,000	19,00,000	6,68,34,524	6,68,34,524	...
Bezwada Extension	11,62,655	11,789	3,000	3,000	11,80,444	11,80,444	...
Nilgiri Railway	35,41,940	—3,168	2,00,000	3,00,000	40,38,772	40,38,772	...
Bombay, Baroda and Central India	...	...	6,16,000	30,00,000	4,42,11,000	4,42,11,000	...
Rohri-Samasata Doubling	...	...	...	...	36,16,000	36,16,000	...
TOTAL	1,80,44,46,368	3,57,98,867	5,22,54,000	10,61,19,000	1,99,86,18,235	1,99,86,18,235	...
LINES UNDER CONSTRUCTION.							
Shahdera-Sangla	...	...	7,44,000	17,00,000	24,44,000	23,29,000	3,85,000
Burma Railway Extensions	...	...	31,50,000	70,00,000	1,01,50,000	1,07,47,000	65,97,000
Khushalgarh-Kohat Railway—conversion and Indus Bridge	...	...	2,96,000	23,00,000	25,96,000	24,46,000	—1,50,000
Coonoor-Ootacamund	...	...	2,30,000	13,00,000	15,30,000	21,45,000	6,15,000
Jech-Doab (Southern Section)	(a) 17,109	10,92,162	2,32,000	31,17,000	71,58,271	71,60,000	1,729
Madura-Pamban	60,19,106	6,72,780	62,000	...	67,53,886	68,91,000	1,37,114
Tirhoot Extensions	...	19,67,993	35,00,000	52,00,000	1,00,67,913	1,26,13,000	19,45,007
Bellary-Royadurg	15,405	4,18,047	2,00,000	2,27,000	8,00,452	8,49,000	—1,452
Hospet-Kottur	16,204	3,11,012	9,75,000	1,00,000	14,02,216	16,20,000	2,23,784
Tirupatur-Krishnagiri	16,567	4,37,560	4,34,000	1,00,000	9,68,127	8,88,000	—1,00,127
Morappur-Dharmapuri	7,312	2,82,464	3,44,000	9,00,000	7,32,776	7,05,000	—27,776
Extensions to Chitpore (E. B. Railway)	(b) 24,31,182	3,89,280	3,90,000	2,67,000	34,85,402	36,48,000	1,62,538
Kaunia-Dhubri Extension	60,30,294	891	1,80,000	...	62,10,185	60,54,000	4,37,815
Kaunia-Bonarpara	(a) 6,576	10,37,689	8,20,000	2,14,000	20,78,265	21,09,000	90,735
Jullundur-Hoshiarpur	14,531	...	...	...	14,531	15,000	469
Ludhiana-Ferozepur	28,311	...	...	...	28,311	29,000	689
Agra-Delhi Chord	19,30,116	52,00,455	42,97,000	3,62,000	1,17,89,571	1,14,30,000	—3,59,571
Allahabad-Fyzabad	...	36,97,632	7,00,000	...	1,89,66,224	1,17,09,000	7,42,776
Ganges Bridge (Allahabad-Fyzabad)	59,63,592	...	5,10,000	95,000	...	...	...
Tinnevely-Quilon—British Section	33,22,002	6,58,698	3,94,000	58,000	44,32,700	43,31,000	—1,01,700
Ditto —Native State Section	82,04,087	24,03,307	10,13,000	1,00,000	1,17,80,454	1,08,45,000	—9,35,454
Khushalgarh-Kohat-Ihal	54,74,993	30,31,17	3,90,000	68,000	62,42,220	61,14,000	—1,28,220
Azikh-Mangalore	3,90,775	29,70,094	42,40,000	30,00,000	1,00,00,809	1,29,05,000	23,04,131
Marina Loop	5,300	—5,300	...	...	...	...	...
Dhubri-Gauhati	(d) 1,67,229	15,27,217	16,37,000	36,00,000	69,32,446	1,28,83,000	59,55,554
Moorsheadabad Branch	6,97,442	38,14,076	27,54,000	25,80,000	98,45,518	1,05,53,000	7,07,482
Kankoorachi Chord	2,87,671	6,01,918	4,20,000	1,77,000	14,66,589	13,92,000	—88,589
Doubling the line between Canal Junction and Kankoorachi	42,868	1,89,013	2,13,000	13,000	4,57,881	4,36,000	—21,881
Ahmedabad-Dholka (Earthwork, etc.)	59,900	...	...	...	59,900	60,000	100
Quetta-Nushki	8,00,303	29,17,264	32,69,000	11,87,000	81,73,567	70,06,000	—11,67,567
Rewari-Phulera	(g) 70,047	14,39,750	27,00,000	12,00,000	54,09,797	53,21,000	—8,797
Lower Sind Extension	(a) 83,240	20,02,353	12,80,000	...	33,65,593	33,77,000	11,407
Nagda-Muttra	...	...	11,65,000	30,00,000	41,65,000	1,29,39,000	87,74,000
Katihar-Godagiri	...	...	8,10,000	23,00,000	31,10,000	1,04,87,000	73,77,000
Allahabad-Jaunpur	...	...	6,50,000	24,00,000	30,50,000	30,22,000	—28,000
Rameswaram Extension	...	...	1,00,000	3,00,000	4,00,000	35,19,000	31,19,000
Warora-Bellarpur	...	...	8,00,000	17,00,000	25,00,000	31,91,000	6,94,000
TOTAL	4,21,02,072	3,43,96,732	4,16,12,000	4,37,64,000	16,18,74,804	19,89,52,000	3,70,77,196
Carried forward	1,84,65,48,440	7,01,95,599	9,38,66,000	14,98,83,000	2,16,04,93,039	2,19,75,70,235	3,70,77,196

(a) Survey outlay brought on to the construction account during 1902-1903.

(b) Includes Rs. 6,854 on account of survey outlay brought on.

(c) Includes Rs. 9,72,065 on account of outlay on Berar Railways brought on.

(d) Includes Rs. 94,648 on account of survey outlay brought on.

(e) Includes Rs. 86,149 outlay during 1901-1902 on Junction works at Hyderabad transferred from the Jodhpur-Bikaner railway;

(f) Excludes outlay of Rs. 86,149 on Junction works at Hyderabad in 1901-1902 transferred to the North Western railway.

(g) Includes Rs. 59,241 on account of survey outlay brought on and Rs. 10,806 for land.

(h) £500,000 on account of Capital charge involved in redemption of liabilities.

(i) Includes £2,927,400 on account of Capital charge involved in redemption of liabilities.

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table III.—Capital expenditure on State Railways in 1903-1904, and estimated expenditure on such works in 1904-1905 and 1905-1906, and to end of 1905-1906—concluded.

RAILWAYS.	To end of 1902-1903.	Accounts, 1903-1904.	Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.	To end of 1905-1906.	Sanctioned outlay.	Balance remaining unspent.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Brought forward	1,84,65,48,440	7,01,95,559	9,38,56,000	14,98,83,000	2,16,04,93,039	2,19,75,70,435	3,70,77,196
LINES IN ABEYANCE OR TRANSFERRED TO COMPANIES, ETC.							
Ranaghat-Bhagwangola	3,02,450	...	...	...	3,02,450	3,02,450	...
Southern Mahratta (Depreciation on works, etc.)	5,27,071	...	...	...	5,27,071	5,27,071	...
Bellary-Kistna	1,65,78,416	...	...	...	1,65,78,416	1,65,78,416	...
Bilaspur-Etawah	75,132	...	...	...	75,132	75,132	...
Vizagapatam-Raipur	2,45,035	...	...	...	2,45,035	2,45,035	...
Nagpur-Chhattisgarh Depreciation Account	6,57,038	...	...	...	6,57,038	6,57,038	...
Umaria Colliery	1,82,672	...	...	...	1,82,672	1,82,672	...
TOTAL	1,85,67,814	...	...	...	1,85,67,814	1,85,67,814	...
Stores	5,87,745	—3,21,696	...	...	2,66,049	2,66,049	...
Reserve	...	...	...	51,88,000	51,88,000	51,88,000	...
TOTAL	1,86,57,03,999	6,98,73 903	9,38,66,000	15,50,71,000	2,18,45,14,902	2,22,15,92,098	3,70,77,196
Distributed as under—							
CAPITAL EXPENDITURE ON PUBLIC WORKS (not charged to Revenue) —							
State Railways—Construction *	1,12,34,32,044	6,80,26,572	9,18,12,000	10,20,30,000	1,38,62,01,516	...	...
Redemption of Liabilities †	59,20,83,646	...	...	5,14,11,000	64,34,94,046	...	...
FAMINE RELIEF AND INSURANCE—							
Protective Railways	7,24,37,221	14,49,083	19,53,000	5,26,000	7,63,65,304	...	...
CONSTRUCTION OF RAILWAYS (charged against Revenue in addition to that under Famine Insurance)	5,45,25,712	...	...	...	5,45,35,712	...	...
CONSTRUCTION OF RAILWAYS (charged to Provincial or Local Revenues)	96,50,688	3,98,248	1,01,000	2,04,000	1,03,53,936	...	...
OTHER EXPENDITURE charged against Revenue	1,35,63,788	...	...	...	1,35,63,788	...	...
TOTAL AS ABOVE	1,86,57,03,999	6,98,73,903	9,38,66,000	15,50,71,000	2,18,45,14,902		

* INCLUDES DEBENTURES RAISED BY COMPANIES—

East Indian Railway	8,89,31,930	...	84,54,000	2,99,96,000	12,73,81,930
South Indian Railway	1,50,57,237	...	60,00,000	16,65,000	2,27,22,237
Great Indian Peninsula Railway	...	...	...	...	...
TOTAL	10,39,89,167	...	1,44,54,000	3,16,61,000	15,01,04,167

	Rs.
† East Indian Railway	18,05,98,229
Eastern Bengal Railway	2,35,46,757
Oudh and Rohilkhand Railway	15,50,40,735
North Western Railway	7,37,74,320
South Indian Railway	7,03,38,355
Great Indian Peninsula Railway	8,88,35,250
Bombay, Baroda and Central India Railway	59,20,83,646
Bengal Central Railway	4,39,11,000
	75,00,000
TOTAL	64,34,94,646

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV.—Capital Expenditure on Irrigation—Major Works, in 1903-1904, and estimated expenditure on such works in 1904-1905 and 1905-1906, and to the end of 1905-1906.

	Actual outlay to end of 1902-1903.	Accounts, 1903-1904.	Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.	Total actual and estimated outlay to end of 1905-1906.	Sanctioned estimate.	Balance of sanctioned estimate remaining to be spent.
IRRIGATION WORKS. CAPITAL EXPENDITURE NOT CHARGED TO REVENUE.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<i>Burma.</i>							
Mandalay Canal	46,05,010	3,30,588	1,75,000	56,000	51,66,598	49,47,897	...
Shwebo Canal	19,79,298	9,92,304	6,78,000	7,40,000	43,89,602	46,28,060	2,38,458
Mon Canals	35,968	44,830	3,77,000	8,01,000	12,58,798	42,63,836	30,05,038
<i>Bengal.</i>							
Orissa Canals	2,59,30,652	40,754	31,000	41,000	2,60,43,406	...	...
Midnapur Canal	82,92,597	951	3,000	12,000	83,08,548	...	...
Hijili Tidal Canal	25,51,641	...	...	...	25,51,641	...	...
Sone Canals	2,58,22,551	—18,160	3,000	10,000	2,58,17,391	...	...
<i>United Provinces.</i>							
Ganges Canal	2,84,72,855	1,48,388	2,30,000	4,06,000	2,92,57,243	...	...
Lower Ganges Canal	3,38,13,235	1,29,628	3,50,000	5,47,000	3,48,39,863	...	...
Ditto Fatehpur Branch	31,92,832	38,015	60,000	65,000	33,55,847	...	...
Agra Canal	92,10,423	2,46,878	1,80,000	4,08,000	1,00,45,301	...	...
Eastern Jumna Canal	40,15,539	2,61,154	2,30,000	2,20,000	47,29,693	...	...
<i>Punjab.</i>							
Western Jumna Canal	1,64,51,573	23,361	20,000	33,000	1,65,27,934	...	...
Bari Doab Canal	1,88,84,110	1,00,961	2,50,000	2,40,000	1,94,75,071	...	...
Sirhind Canal (State outlay)	2,34,56,182	1,18,974	50,000	1,00,000	2,37,25,156	...	...
Chenab Canal	2,68,43,451	4,49,591	1,50,000	5,50,000	2,79,93,042	...	...
Jhelum Canal	1,12,23,886	17,95,330	10,80,000	19,00,000	1,59,99,216	1,83,95,782	23,96,566
Indus Inundation Canals	7,22,513	1,18,153	5,00,000	6,48,000	19,88,666	...	...
Upper Jhelum Canal	...	...	30,000	14,50,000	14,80,000	2,90,70,397	2,75,90,397
Upper Chenab Canal	...	...	30,000	15,00,000	15,30,000	2,89,29,792	2,73,99,792
Lower Bari Doab Canal	...	...	...	...	...	1,78,11,842	1,78,11,842
<i>Madras.</i>							
Godavari Delta System	1,14,51,795	1,28,604	1,70,000	2,33,000	1,19,83,489	...	...
Kistna Delta System	1,34,46,786	4,51,257	5,00,000	4,24,000	1,48,22,043	...	...
Pennér River Canals System	52,90,199	1,00,572	60,000	1,10,000	55,60,771	...	...
Periyar Project	86,84,981	1,94,031	1,20,000	1,38,000	91,37,012	...	...
Cauvery Delta system	29,17,134	88,494	1,50,000	2,18,000	33,73,628	...	...
<i>Bombay.</i>							
Desert Canal	25,16,968	53,649	18,000	4,000	25,92,617	...	...
Begari Canal	16,57,544	...	...	...	16,57,544	...	...
Eastern Nara Works	61,80,717	1,29,180	70,000	43,000	64,22,897	...	...
Jamrao Canal	80,92,612	1,43,286	—1,52,000	11,000	80,94,898	...	...
Mutha Canals	65,87,042	3,08,039	35,000	2,85,000	72,15,081	...	...
<i>Other projects</i>	3,54,87,432	15,31,054	7,19,000	17,35,000	3,94,72,486	...	...
<i>Deduct—Outlay incurred from Ordinary Revenues</i>	34,78,17,526	79,52,950	61,17,000	1,29,28,000	37,48,15,482	...	...
<i>TOTAL</i>	5,81,25,123	3,34,479	79,000	4,28,000	5,89,66,602	...	...
<i>PROTECTIVE IRRIGATION WORKS.</i>							
<i>Bengal.</i>							
Tribeni Canal	6,14,773	2,47,787	3,54,000	10,00,000	22,16,560	(a) 40,45,490	18,28,939
<i>United Provinces.</i>							
Betwa Canal	43,19,004	1,07,172	2,45,000	10,46,000	57,17,176	...	14,73,861
Ken Canal	49,918	38,950	6,05,000	15,07,000	22,00,868	36,74,729	..
<i>North-West Frontier Province.</i>							
Swat River Canal	40,18,769	2,823	3,000	1,00,000	41,24,592	...	...
<i>Madras.</i>							
Rushikulya Project	44,96,818	43,665	58,000	61,000	46,59,483	...	...
<i>Bombay.</i>							
Nira Canal	53,60,541	6,908	5,000	12,000	53,84,449	...	...
<i>Other projects</i>	36,92,706	5,89,078	8,93,000	10,74,000	62,53,784	...	...
<i>Deduct—Outlay incurred from Ordinary Revenues</i>	2,25,52,529	10,36,383	21,68,000	48,00,000	3,05,56,912	...	...
<i>TOTAL</i>	29,96,450	...	...	...	29,96,450	...	...
<i>GRAND TOTAL</i>	1,95,56,079	10,36,383	21,68,000	48,00,000	2,75,60,462	...	...
<i>GRAND TOTAL</i>	30,92,48,482	86,54,860	83,06,000	1,73,00,000	34,34,09,342	...	...

(a) Includes supplementary estimates sanctioned by the Government of India.

FINANCIAL STATEMENT OF THE

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross traffic receipts, working expenses, and net traffic receipts of Guaranteed and State Railways for five years ending 1903-1904, with Revised Estimates for 1904-1905 and Budget Estimates for 1905-1906.

	ACCOUNTS.					Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
	1899-1900.	1900-1901.	1901-1902.	1902-1903.	1903-1904.		
	<i>M.</i>	<i>M.</i>	<i>M.</i>	<i>M.</i>	<i>M.</i>	<i>M.</i>	<i>M.</i>
GUARANTEED RAILWAYS.							
Open mileage at beginning of year	2,588	2,612	1,305	1,334	1,349	1,408	1,408
<i>Gross Traffic Receipts.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Madras	1,09,06,956	1,15,52,942	1,10,33,035	1,20,68,312	1,27,77,060	1,34,50,000	1,42,00,000
Ditto Extensions	...	...	56,465	1,86,889	3,17,370	3,80,000	4,50,000
Bombay, Baroda and Central India	1,84,32,686	1,73,43,582	1,55,00,276	1,60,11,316	1,68,06,857	1,84,25,000	1,35,00,000
Great Indian Peninsula	3,32,61,822	89,29,427	...	...	...	...	...
TOTAL	6,26,01,464	3,78,25,951	2,65,89,776	2,82,66,517	2,99,01,287	3,22,55,000	2,81,50,000
<i>Working Expenses.</i>							
Madras	57,09,501	56,71,710	56,45,793	61,69,379	69,95,955	71,50,000	80,00,000
Ditto Extensions	...	...	22,046	79,538	1,48,793	2,00,000	2,50,000
Bombay, Baroda and Central India	90,16,496	83,57,857	71,97,104	78,24,865	86,34,593	85,00,000	64,00,000
Great Indian Peninsula	1,92,67,239	40,42,892	...	...	...	...	..
TOTAL	3,39,93,236	1,80,72,459	1,28,64,943	1,40,73,782	1,57,79,341	1,58,50,000	1,46,50,000
<i>Net Traffic Receipts.</i>							
Madras	51,97,455	58,81,232	53,87,242	58,98,933	57,81,105	63,00,000	62,00,000
Ditto Extensions	...	...	34,419	1,07,351	1,68,577	1,80,000	2,00,000
Bombay, Baroda and Central India	94,16,190	89,85,725	83,03,172	81,86,451	81,72,264	99,25,000	71,00,000
Great Indian Peninsula	1,39,94,583	48,86,535	...	...	...	...	...
TOTAL	2,86,08,228	1,97,53,492	1,37,24,833	1,41,92,735	1,41,21,946	1,64,05,000	1,35,00,000

APPENDIX IV—continued.

	ACCOUNTS.					Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
	1899-1900.	1900-1901.	1901-1902.	1902-1903.	1903-1904.		
STATE RAILWAYS.							
(a) Open mileage at beginning of year	M.	M.	M.	M.	M.	M.	M.
	16,643	17,136	19,295	19,380	20,119	20,744	20,347
<i>Gross Traffic Receipts.</i>	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
East Indian { England	3,450	3,450	3,450	3,450	3,450	3,000	3,000
{ India	6,58,04,353	6,75,19,065	7,10,62,672	6,74,11,071	7,08,45,143	7,68,00,000	7,65,00,000
Rajputana-Malwa System	2,77,81,248	2,84,65,308	2,81,18,427	2,49,93,926	2,19,35,587	2,50,00,000	2,55,00,000
Bhopal	2,09,610	2,55,120	2,92,862	3,46,103	3,77,177	3,92,000	4,00,000
Palampur-Deesa	49,701	40,983	39,190	31,756	28,155	30,000	31,000
Warora Colliery	5,77,182	6,59,350	6,98,956	6,74,934	5,52,948	5,40,000	5,25,000
Wardha Coal	2,07,216	1,75,380	...	...	...	...	...
Bengal-Nagpur	1,07,42,719	1,21,44,574	1,35,36,367	1,45,37,860	1,65,95,948	1,98,00,000	2,18,00,000
Umaria Colliery	14,995	...	...	...	...	...	...
Burma Railways	94,69,988	1,13,34,182	1,22,32,691	1,26,67,364	1,41,06,869	1,50,00,000	1,55,00,000
Assam-Bengal	16,04,649	18,21,277	20,92,758	21,10,110	25,87,822	30,00,000	35,00,000
Jorhat	91,299	85,785	83,310	88,476	89,205	72,000	75,000
Cherra-Companyganj	6,355	4,818	2,828	...	...	...	...
Eastern Bengal	1,61,22,698	1,71,05,226	1,70,14,290	1,75,21,934	1,87,14,401	1,92,00,000	2,14,00,000
Bengal and North-Western, and Tirhoot	81,68,864	84,24,104	99,79,539	1,02,19,920	1,21,67,584	1,30,00,000	63,00,000
Bengal Central	11,49,611	13,61,919	13,93,160	13,24,944	15,05,612	15,25,000	3,25,000
Brahmaputra-Sultanpur Branch	...	...	1,62,203	2,40,827	2,69,758	...	...
Oudh and Rohilkhand	1,13,25,817	1,16,10,252	1,35,20,795	1,35,27,277	1,40,12,128	1,56,00,000	1,60,00,000
Indian Midland { England	...	...	45,000	...	...	...	...
{ India	73,33,950	89,21,183	83,73,471	90,10,835	77,85,868	82,50,000	84,00,000
Lucknow-Bareilly	13,09,526	12,74,927	13,86,506	14,53,542	14,29,244	14,75,000	14,75,000
Hardwar-Dehra	...	48,031	2,27,429	2,53,685	2,65,261	2,65,000	2,65,000
North-Western	3,53,04,846	3,22,31,188	4,26,53,446	4,18,16,329	5,20,87,345	6,35,00,000	6,10,00,000
South Indian	86,58,220	90,20,566	1,03,68,269	1,09,05,420	1,21,89,359	1,27,50,000	1,30,00,000
Mysore	11,24,012	14,53,141	14,04,895	16,43,156	15,66,130	15,75,000	15,75,000
Nilgiri	...	...	...	...	2,74,905	2,90,000	3,00,000
Agra Delhi Chord	...	...	...	...	...	18,000	8,00,000
Bezwađa Extension	...	...	2,64,398	3,02,442	3,07,113	3,20,000	3,50,000
North East Line, Madras Railway (East Coast, Southern Section)	52,81,401	60,95,150	46,90,260	44,53,516	46,03,446	55,00,000	55,00,000
Guntakal-Mysore Frontier	4,05,156	4,59,810	4,37,238	4,72,119	5,17,267	8,50,000	5,55,000
Tinnevely-Quilon	...	...	...	69,746	2,03,472	3,60,000	4,75,000
Mayavaram-Mutupet	2,38,518	2,42,502	2,97,287	3,31,866	4,10,936	5,33,000	6,00,000
Dhond and Manmad (net)	2,99,554	2,11,534	...	...	...	...	...
Southern Mahratta	62,93,041	63,75,599	57,12,614	65,62,022	67,81,358	73,50,000	73,00,000
Hyderabad-Shadipalli	2,20,367	1,97,480	...	...	...	...	...
Jodhpur-Hyderabad (British Sec- tion)	...	12,802	4,00,599	5,05,058	5,83,491	6,25,000	6,50,000
Great Indian Pen insula	...	2,67,52,243	4,26,63,480	4,35,86,154	4,58,51,887	4,92,00,000	4,90,00,000
Bombay, Baroda and Central India	...	...	...	...	...	...	45,00,000
In England	3,450	3,450	48,450	3,450	3,450	3,000	3,000
„ India	21,97,94,896	25,43,03,499	28,91,09,940	28,70,61,392	30,86,45,419	34,28,20,000	34,36,01,000
TOTAL	21,97,98,346	25,43,06,949	28,91,58,390	28,70,64,842	30,86,48,869	34,28,23,000	34,36,04,000

(a) Includes the length of the Bengal and North-Western Railway except for Budget Estimate, 1905-1906.

FINANCIAL STATEMENT OF THE

APPENDIX IV—continued.

	ACCOUNTS.					Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
	1899-1900.	1900-1901.	1901-1902.	1902-1903.	1903-1904.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<i>Working Expenses.</i>							
East Indian	2,50,54,050	2,44,32,167	2,61,51,049	2,61,45,029	2,62,26,989	2,72,00,000	2,66,00,000
Rajputana-Malwa System	1,29,30,693	1,46,14,424	1,30,31,577	1,18,36,743	1,11,21,644	1,13,00,000	1,18,50,000
Bhopal	1,25,531	1,27,788	1,48,626	1,74,867	1,85,736	1,96,000	1,95,000
Palampur-Deesa	27,831	37,279	25,256	25,375	21,987	21,000	21,000
Warora Colliery	4,05,760	4,18,647	4,33,330	4,44,571	3,82,076	3,75,000	3,80,000
Wardha Coal	1,24,716	94,626	...	...	...	...	...
Bengal-Nagpur	45,80,706	53,76,704	72,65,514	74,31,631	86,21,206	95,00,000	1,05,00,000
Umaria Colliery	16,848	...	...	...	...	...	...
Burma Railway	55,53,838	66,60,429	73,85,882	77,32,319	89,17,418	93,00,000	96,60,000
Assam-Bengal	12,34,774	14,25,435	16,96,274	18,61,892	20,81,249	29,50,000	31,00,000
Jorhat	1,03,821	94,770	84,715	83,046	80,280	83,000	73,000
Cherra-Companyganj	43,911	19,534	7,640	...	...	...	...
Eastern Bengal	72,72,708	81,43,336	87,19,070	88,83,728	99,98,494	1,02,00,000	1,17,50,000
Bengal and North-Western, and Tirhoot	63,93,740	75,64,228	74,10,199	80,26,894	87,88,628	95,00,000	27,00,000
Bengal Central	8,07,735	9,20,155	9,00,740	9,13,996	11,25,074	11,50,000	2,85,000
Brahmaputra-Sultanpur Branch	...	...	82,471	1,31,113	1,47,254	...	...
Oudh and Rohilkhand	50,44,137	58,76,434	65,83,646	65,35,525	70,31,234	78,00,000	80,00,000
Indian Midland	38,01,188	43,98,626	42,14,819	46,23,692	39,04,410	41,24,000	42,00,000
Lucknow-Bareilly	7,73,507	6,92,805	7,69,986	7,50,202	7,24,648	7,50,000	7,50,000
Hardwar-Dehra	...	24,016	1,24,969	1,47,440	1,55,680	1,55,000	1,55,000
North Western	1,90,26,943	1,88,63,796	2,22,52,333	2,42,93,882	2,64,98,970	2,85,00,000	3,20,00,000
South Indian	47,25,019	47,99,860	55,50,380	51,28,993	60,53,945	67,00,000	73,00,000
Mysore	8,34,759	10,78,609	11,27,457	11,88,564	11,03,305	11,75,000	11,75,000
Nilgiri	...	...	...	...	2,00,918	2,26,000	2,25,000
Agra Delhi Chord	...	...	...	...	...	10,000	4,00,000
Bezwada Extension	...	...	1,20,248	1,49,334	1,52,891	1,42,000	1,50,000
North East line, Madras Railway (East Coast, Southern Section)	31,99,538	33,96,035	25,12,717	30,07,291	29,71,686	36,00,000	35,00,000
Guntakal-Mysore Frontier	2,62,609	2,95,561	3,10,308	2,92,918	3,05,337	5,45,000	3,50,000
Tinnevely-Quilon	...	...	...	29,574	89,900	1,90,000	2,45,000
Mayavaram-Mutupet	1,39,379	1,35,869	1,63,106	1,61,797	2,05,581	2,80,000	3,50,000
Southern Mahratta	45,93,822	48,03,985	44,92,654	46,99,571	48,09,622	52,50,000	53,50,000
Hyderabad-Shadipalli	1,39,499	1,25,616	...	...	...	...	...
Joshpur-Hyderabad (British Sec- tion)	...	12,217	2,44,773	2,91,566	3,21,112	3,25,000	3,25,000
Great Indian Peninsula	...	1,25,52,735	2,05,75,278	2,24,16,610	2,34,45,061	2,47,50,000	2,48,15,000
Bombay, Baroda and Central India	...	...	...	...	...	...	21,50,000
TOTAL	10,72,17,062	12,66,85,686	14,23,85,017	14,74,08,163	15,56,72,365	16,62,97,000	16,85,54,000

APPENDIX IV—continued.

	ACCOUNTS.					Revised Estimate, 1904-1905.	Budget Estimate, 1905-1906.
	1899-1900.	1900-1901.	1901-1902.	1902-1903.	1903-1904.		
<i>Net Traffic Receipts.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
East Indian	4,07,53,753	4,30,90,343	4,49,15,073	4,12,69,492	4,46,21,604	4,96,03,000	4,99,03,000
Rajputana-Malwa System	1,48,50,555	1,38,50,884	1,50,86,850	1,31,57,183	1,08,13,943	1,37,00,000	1,36,50,000
Bhopal	84,079	1,27,332	1,44,236	1,71,236	1,91,441	1,96,000	2,05,000
Palanpur-Deesa	21,870	3,704	13,934	6,381	6,168	9,000	10,000
Warora Colliery	1,71,422	2,40,703	2,65,626	2,30,363	1,70,872	1,65,000	1,45,000
Wardha Coal	82,500	80,754	...	...	...	...	...
Bengal-Nagpur	61,62,013	67,67,870	62,70,853	71,06,229	79,74,742	1,03,00,000	1,13,00,000
Umaria Colliery	—1,853	...	...	...	...	...	...
Burma Railways	39,16,150	46,73,753	48,46,809	49,35,045	51,89,451	57,00,000	58,40,000
Assam-Bengal	3,69,875	3,95,842	3,96,484	2,48,218	5,06,573	50,000	4,00,000
Jorhat	—12,522	—8,985	—1,405	5,430	8,925	—11,000	2,000
Cherra-Companyganj	—37,556	—14,716	—4,812	...	...	...	...
Eastern Bengal	88,49,990	89,61,890	82,95,220	86,38,206	87,15,907	90,00,000	96,50,000
Bengal and North-Western, and Tirhoot	17,75,124	8,59,876	25,69,340	21,93,026	33,78,956	35,00,000	36,00,000
Bengal Central	3,41,876	4,41,764	4,92,420	4,10,948	3,80,538	3,75,000	40,000
Brahmaputra-Sultanpur Branch	...	...	79,732	1,09,714	1,22,504	...	...
Oudh and Rohilkhand	62,81,680	57,33,818	69,37,149	69,91,752	69,80,894	78,00,000	80,00,000
Indian Midland	35,32,762	45,22,557	42,03,652	43,87,143	38,81,428	41,26,000	42,00,000
Lucknow-Bareilly	5,36,019	5,82,122	6,16,520	7,03,340	7,04,596	7,25,000	7,25,000
Hardwar-Dehra	...	24,015	1,02,460	1,06,245	1,09,581	1,10,000	1,10,000
North Western	1,62,77,903	1,33,67,392	2,04,01,113	1,75,22,447	2,55,88,375	3,50,00,000	2,90,00,000
South Indian	39,33,201	42,20,706	48,17,889	57,76,427	61,35,414	60,50,000	57,00,000
Mysore	2,89,253	3,74,532	2,77,438	4,53,592	4,62,825	4,00,000	4,00,000
Nilgiri	...	...	...	...	73,987	64,000	75,000
Agra Delhi Chord	...	...	...	...	...	8,000	4,00,000
Bezwada Extension	...	...	1,44,150	1,53,108	1,54,222	1,78,000	2,00,000
North East line, Madras Railway (East Coast, Southern Section)	20,81,863	26,99,115	21,77,543	14,46,225	16,31,760	19,00,000	20,00,000
Guntakal-Mysore Frontier	1,42,547	1,64,249	1,26,930	1,79,201	2,11,930	3,05,000	2,05,000
Tinnevely-Quilon	...	...	...	40,172	1,13,572	1,70,000	2,30,000
Mayavaram-Mutupet	99,139	1,06,633	1,34,181	1,70,069	2,05,355	2,53,000	2,50,000
Dhond and Manmad	2,99,554	2,11,534	...	...	...	...	...
Southern Mahratta	16,99,219	15,71,614	12,19,960	18,62,451	19,71,736	21,00,000	19,50,000
Hyderabad-Shadipalli	80,868	71,864	...	...	...	...	...
Jodhpur-Hyderabad (British Sec- tion)	...	585	1,55,826	2,13,492	2,62,379	3,00,000	3,25,000
Great Indian Peninsula	...	1,41,99,508	2,20,88,202	2,11,69,544	2,24,06,826	2,44,50,000	2,41,85,000
Bombay, Baroda and Central India	...	...	...	...	...	...	23,50,000
TOTAL	11,25,81,284	12,73,21,263	14,67,73,373	13,96,56,679	15,29,76,504	17,65,26,000	17,50,50,000

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1903-04, with Revised Estimates for 1904-05, and Budget Estimates for 1905-06.

	ACTUALS.					Revised Estimate, 1904-05.	Budget Estimate, 1905-06.
	1899-1900.	1900-01.	1901-02.	1902-03.	1903-04.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
DIRECT RECEIPTS—							
Mandalay canal . . .	...	...	...	17,803	79,048	2,05,000	2,10,000
Orissa canals . . .	4,42,497	4,08,888	3,49,006	4,05,592	4,29,897	4,15,000	4,15,000
Midnapur canal . . .	2,38,652	2,34,213	2,40,992	2,24,150	2,20,343	1,93,000	1,93,000
Hijili Tidal canal . . .	53,234	47,349	47,942	41,050	42,334	47,000	47,000
Sone canals . . .	10,95,351	11,15,881	11,38,971	14,50,516	13,28,315	13,45,000	13,45,000
Ganges canal . . .	36,57,032	38,83,058	28,27,161	35,23,554	32,95,743	31,20,000	30,08,000
Lower Ganges canal . . .	22,29,549	21,86,673	19,96,655	22,82,197	23,40,320	23,94,000	22,04,000
Ditto, Fatehpur Branch . . .	76,330	84,969	80,380	1,35,186	2,46,399	2,78,000	2,30,000
Agra canal . . .	8,28,626	9,27,398	6,65,736	8,80,933	8,37,371	9,03,000	8,00,000
Eastern Jumna canal . . .	12,41,746	12,34,495	11,79,374	13,53,857	11,92,809	12,82,000	12,00,000
Betwa canal . . .	94,267	56,896	75,562	1,06,859	1,42,688	1,73,000	2,00,000
Western Jumna canal . . .	29,79,562	25,33,190	21,84,804	23,61,573	24,09,698	27,15,000	24,13,000
Chenab canal . . .	30,02,897	42,77,499	53,47,867	62,93,439	72,17,299	73,38,000	75,54,000
Bari Doab canal . . .	29,69,561	30,16,243	28,52,395	32,97,204	33,03,413	32,75,000	32,59,000
Sirhind canal . . .	30,90,800	30,53,344	23,15,816	27,82,581	27,41,580	26,52,000	26,08,000
Jhelum canal . . .	...	...	...	24,104	2,83,611	4,45,000	9,60,000
Indus Inundation canals . . .	...	...	...	...	1,36,764	1,15,000	1,20,000
Swat River canal . . .	4,18,038	4,84,502	4,57,845	4,82,394	5,10,595	4,90,000	4,90,000
Godavari Delta System . . .	1,13,290	1,15,714	1,10,381	1,04,532	1,07,943	99,000	1,02,000
Kistna " " . . .	61,565	87,066	70,850	78,578	86,005	78,000	75,000
Pennér River canals " " . . .	1,695	2,387	3,512	1,938	1,602	3,000	3,000
Periyar Project . . .	1,220	1,624	1,615	2,168	3,017	3,000	3,000
Cauvery Delta System . . .	3,154	1,733	1,664	3,315	3,148	2,000	2,000
Rushikulya Project . . .	1,789	2,027	5,084	2,811	1,958	2,000	2,000
Desert canal . . .	47,591	39,462	48,290	53,023	49,591	91,000	93,000
Begari " " . . .	55,277	59,348	47,713	44,956	18,496	57,000	59,000
Eastern Nara Works . . .	22,808	28,705	27,154	26,578	26,025	31,000	30,000
Mutha canals . . .	3,20,928	2,12,883	2,95,926	2,98,645	3,27,935	3,00,000	3,14,000
Nira canal . . .	1,48,200	1,33,866	2,28,058	2,31,616	2,54,754	2,02,000	2,57,000
Jamrao canal . . .	...	2,060	5,128	43,686	1,70,160	1,87,000	1,57,000
Other projects . . .	4,82,279	5,39,678	7,87,784	7,79,181	9,91,678	13,12,000	12,31,000
TOTAL . . .	2,36,77,938	2,47,71,151	2,33,93,665	2,72,44,019	2,88,00,449	2,97,52,000	2,95,84,000
PORTION OF LAND REVENUE DUE TO IRRIGATION—							
Mandalay canal . . .	...	...	...	4,619	13,748	17,000	20,000
Ganges canal . . .	7,80,511	7,80,511	8,26,342	8,72,442	8,93,659	8,94,000	8,94,000
Lower Ganges canal . . .	2,09,586	2,09,586	2,09,586	2,09,586	2,65,747	2,66,000	2,66,000
Eastern Jumna " " . . .	2,50,989	2,50,989	2,52,041	2,53,952	2,53,952	2,54,000	2,54,000
Chenab canal . . .	4,57,345	6,32,690	10,46,645	10,56,041	11,38,808	10,06,000	12,87,000
Bari Doab canal . . .	2,27,286	2,33,160	2,36,603	2,38,756	2,49,263	2,30,000	2,30,000
Jhelum " " . . .	...	...	...	13,706	—60,465	—3,000	1,66,000
Indus Inundation canals . . .	...	...	...	...	2,69,918	2,60,000	2,57,000
Swat River canal . . .	41,257	42,550	44,580	47,284	55,240	50,000	50,000
Godavari Delta System . . .	25,66,115	29,25,382	30,93,882	29,68,262	29,15,810	31,04,000	31,19,000
Kistna " " . . .	25,40,854	26,34,552	27,42,392	27,25,450	25,13,947	25,84,000	26,95,000
Pennér River canals " " . . .	2,61,246	3,57,541	3,69,205	3,70,918	3,77,049	55,000	3,77,000
Periyar Project . . .	3,24,717	3,88,061	4,43,315	4,56,571	4,51,757	4,73,000	4,87,000
Cauvery Delta System . . .	8,13,026	9,20,483	9,25,995	9,21,373	9,14,310	8,91,000	9,19,000
Rushikulya Project . . .	91,059	87,131	95,844	94,832	90,318	93,000	95,000
Desert canal . . .	1,26,878	1,60,930	1,39,985	1,41,889	1,59,159	1,98,000	1,98,000
Begari " " . . .	3,90,454	4,16,913	3,34,669	3,14,732	3,72,424	4,10,000	3,89,000
Eastern Nara Works . . .	6,55,531	5,10,522	4,49,513	4,93,647	5,00,159	4,90,000	5,14,000
Mutha canals . . .	—9,463	—3,869	—8,085	—8,063	—10,113	...	...
Nira canal . . .	—7,330	—6,584	—11,310	—11,465	—12,615	...	...
Jamrao canal . . .	...	3,30,642	4,21,049	4,97,692	4,79,936	7,73,000	6,45,000
Other projects . . .	3,32,485	3,65,056	5,88,706	5,53,665	7,25,079	8,60,000	8,76,000
TOTAL . . .	1,00,52,606	1,12,36,246	1,22,00,957	1,22,15,889	1,25,57,090	1,29,05,000	1,37,38,000

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1903-04, with Revised Estimates for 1904-05, and Budget Estimates for 1905-06—continued.

	ACTUALS.					Revised Estimate, 1904-05.	Budget Estimate, 1905-06.
	1899-1900.	1900-01.	1901-02.	1902-03.	1903-04.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
TOTAL REVENUE—							
Mandalay canal . . .	...	...	...	22,422	92,796	2,22,000	2,30,000
Orissa canals . . .	4,42,497	4,08,888	3,49,006	4,05,592	4,29,897	4,15,000	4,15,000
Midnapur canal . . .	2,38,652	2,34,213	2,40,992	2,24,150	2,20,343	1,93,000	1,93,000
Hijili Tidal canal . . .	53,234	47,349	47,942	41,050	42,334	47,000	47,000
Sone canals . . .	10,95,351	11,15,881	11,38,971	14,50,516	13,28,315	13,45,000	13,45,000
Ganges canal . . .	44,37,543	46,63,569	36,53,503	43,95,996	41,89,402	40,14,000	39,02,000
Lower Ganges canal . . .	24,39,135	23,96,259	22,06,241	24,91,783	26,06,067	26,60,000	24,73,000
Ditto, Fatehpur Branch . . .	76,330	84,969	80,380	1,35,186	2,46,399	2,78,000	2,30,000
Agra canal . . .	8,28,626	9,27,398	6,65,736	8,80,933	8,37,371	9,03,000	8,00,000
Eastern Jumna canal . . .	14,92,735	14,85,484	14,31,415	16,07,809	14,46,761	15,36,000	14,54,000
Betwa canal . . .	94,267	56,896	75,562	1,06,859	1,42,688	1,73,000	2,00,000
Western Jumna canal . . .	29,79,562	25,33,190	21,84,804	23,61,573	24,09,698	27,15,000	24,13,000
Chenab canal . . .	34,60,242	49,10,189	63,94,512	72,59,480	83,56,107	83,44,000	88,41,000
Bari Doab canal . . .	31,96,847	32,49,403	30,88,998	35,35,960	35,52,676	35,05,000	34,89,000
Sirhind canal . . .	30,90,800	30,53,344	23,15,816	27,82,581	27,41,580	26,52,000	26,08,000
Jhelum canal . . .	...	...	...	37,810	2,23,146	4,42,000	11,26,000
Indus Inundation canals . . .	...	...	...	...	4,06,682	3,71,000	3,77,000
Swat River canal . . .	4,59,295	5,27,052	5,02,425	5,29,678	5,65,745	5,40,000	5,40,000
Godavari Delta System . . .	26,79,405	30,41,096	32,04,263	30,72,794	30,23,753	32,03,000	32,21,000
Kistna " " . . .	26,02,419	27,21,618	28,13,242	28,04,028	25,99,952	26,62,000	27,70,000
Pennér River canals " " . . .	2,62,941	3,59,928	3,72,717	3,72,856	3,78,651	58,000	3,80,000
Periyar Project . . .	3,25,937	3,89,685	4,44,930	4,58,739	4,54,771	4,76,000	4,90,000
Cauvery Delta System . . .	8,16,180	9,22,216	9,27,659	9,24,688	9,17,458	8,93,000	9,21,000
Rushikulya Project . . .	92,848	89,158	1,00,928	97,643	92,276	95,000	97,000
Desert canal . . .	1,74,469	2,00,392	1,88,275	1,94,912	2,08,750	2,89,000	2,91,000
Begari " " . . .	4,45,731	4,76,261	3,82,382	3,59,688	3,90,920	4,67,000	4,48,000
Eastern Nara Works . . .	6,78,339	5,39,227	4,76,667	5,20,225	5,26,184	5,21,000	5,44,000
Mutha canals . . .	3,11,525	2,09,014	2,87,841	2,90,582	3,17,822	3,00,000	3,14,000
Nira canal . . .	1,40,870	1,27,282	2,16,748	2,20,151	2,42,139	2,02,000	2,57,000
Jamrao canal . . .	...	3,32,702	4,26,177	5,41,378	6,50,096	9,60,000	8,02,000
Other projects . . .	8,14,764	9,04,734	13,76,490	13,32,846	17,16,757	21,72,000	21,07,000
TOTAL . . .	3,37,30,544	3,60,07,397	3,55,94,622	3,94,40,245	4,13,57,539	4,26,57,000	4,33,22,000
WORKING EXPENSES—							
Mandalay canal . . .	...	...	...	30,312	92,027	90,000	93,000
Orissa canals . . .	4,45,106	4,18,409	3,95,100	3,61,432	3,57,837	3,35,000	3,48,000
Midnapur canal . . .	2,71,378	1,63,234	1,61,668	1,44,522	1,41,042	1,50,000	1,66,000
Hijili Tidal canal . . .	43,304	30,632	28,658	34,685	23,805	40,000	29,000
Sone canals . . .	5,47,919	5,76,302	5,47,210	5,27,716	4,94,357	4,95,000	5,61,000
Ganges canal . . .	10,74,296	11,19,864	10,57,425	11,20,924	10,00,807	10,67,000	9,64,000
Lower Ganges canal . . .	8,90,350	10,61,960	10,49,948	10,56,724	11,35,205	11,06,000	10,83,000
Ditto, Fatehpur Branch . . .	49,750	1,03,476	1,26,995	1,21,579	1,33,566	1,28,000	1,25,000
Agra canal . . .	2,83,363	2,33,043	2,60,131	2,52,836	2,60,904	2,49,000	2,88,000
Eastern Jumna canal . . .	4,09,040	4,27,362	4,65,063	5,15,809	4,33,254	4,34,000	3,55,000
Betwa canal . . .	95,360	86,537	1,01,852	1,22,892	1,08,458	1,30,000	1,24,000
Western Jumna canal . . .	9,07,513	9,14,677	8,65,175	8,17,970	8,47,358	9,13,000	8,63,000
Chenab canal . . .	10,53,385	12,00,241	12,86,828	13,15,846	16,73,711	17,15,000	15,68,000
Bari Doab canal . . .	7,97,190	8,26,926	8,40,911	9,64,870	9,95,494	11,29,000	9,55,000
Sirhind canal . . .	8,56,298	7,70,709	7,93,513	8,35,062	8,47,146	9,29,000	9,00,000
Jhelum canal . . .	...	...	20,046	1,42,414	2,78,982	4,03,000	3,95,000
Indus Inundation canals . . .	...	...	...	...	2,93,174	2,12,000	2,76,000
Swat River canal . . .	58,345	89,312	86,856	80,111	97,710	1,15,000	60,000
Godavari Delta System . . .	5,89,209	6,70,826	6,09,464	5,70,647	6,07,601	6,96,000	6,83,000
Kistna " " . . .	5,23,143	5,04,823	5,11,894	4,96,071	6,42,508	6,55,000	5,23,000
Pennér River canals " " . . .	36,607	32,120	43,643	55,091	74,963	66,000	67,000
Periyar Project . . .	1,05,351	83,831	98,493	1,26,351	95,726	1,03,000	1,11,000
Cauvery Delta System . . .	47,890	64,530	36,746	44,048	45,482	63,000	79,000
Rushikulya Project . . .	49,459	76,220	64,377	66,003	55,532	59,000	61,000
Desert canal . . .	49,102	57,976	56,722	99,246	1,19,526	1,20,000	1,21,000
Begari " " . . .	96,043	69,133	60,329	87,067	75,250	77,000	80,000
Eastern Nara Works . . .	1,15,630	97,734	98,001	84,196	78,255	1,22,000	1,08,000
Mutha canals . . .	73,609	66,768	74,943	1,22,653	85,913	1,05,000	88,000
Nira canal . . .	52,281	42,401	44,229	43,591	47,868	64,000	50,000
Jamrao canal . . .	...	64,710	1,52,889	2,18,286	2,09,931	3,28,000	2,80,000
Other projects . . .	4,50,282	4,82,588	5,89,696	8,60,204	8,07,876	10,03,000	14,08,000
TOTAL . . .	99,71,283	1,03,36,344	1,05,28,805	1,13,19,158	1,21,61,268	1,31,01,000	1,28,12,000

FINANCIAL STATEMENT OF THE

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1903-04, with Revised Estimates for 1904-05, and Budget Estimates for 1905-06—concluded.

	ACTUALS.					Revised Estimate, 1904-05.	Budget Estimate, 1905-06.
	1899-1900.	1900-01.	1901-02.	1902-03.	1903-04.		
NET REVENUE—	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Mandalay canal . . .	...	...	...	—7,890	769	1,32,000	1,37,000
Orissa canals . . .	—2,609	—9,521	—46,094	44,160	72,060	80,000	67,000
Midnapur canal . . .	—32,726	70,979	79,324	79,628	79,301	43,000	27,000
Hijili Tidal canal . . .	9,930	16,717	19,284	6,365	18,529	7,000	18,000
Sone canals . . .	5,47,432	5,39,579	5,91,761	9,22,800	8,33,958	8,50,000	7,84,000
Ganges canal . . .	33,63,247	35,43,705	25,96,078	32,75,072	31,88,595	29,47,000	29,38,000
Lower Ganges canal . . .	15,48,785	13,34,299	11,56,293	14,35,058	14,70,862	15,54,000	13,87,000
Ditto, Fatehpur Branch	26,580	—18,507	—46,615	13,607	1,12,833	1,50,000	1,05,000
Agra canal . . .	5,45,263	6,94,355	4,05,605	6,28,097	5,76,467	6,54,000	5,12,000
Eastern Jumna canal . . .	10,83,695	10,58,122	9,66,352	10,92,000	10,13,507	11,02,000	10,99,000
Betwa canal . . .	—1,093	—29,641	—26,290	—16,033	34,230	43,000	76,000
Western Jumna canal . . .	20,72,049	16,18,513	13,19,629	15,43,603	15,62,340	18,02,000	15,50,000
Chenab canal . . .	24,06,857	37,09,948	51,07,684	59,43,634	66,82,396	66,29,000	72,73,000
Bari Doab canal . . .	23,99,657	24,22,477	22,48,087	25,71,090	25,57,182	23,76,000	25,34,000
Sirhind canal . . .	22,34,502	22,82,635	15,22,303	19,47,519	18,94,434	17,23,000	17,08,000
Jhelum canal . . .	...	...	—20,046	—1,04,604	—55,836	39,000	7,31,000
Indus Inundation canals . . .	...	...	...	...	1,13,508	1,63,000	1,01,000
Swat River canal . . .	4,00,950	4,37,740	4,15,569	4,49,567	4,68,035	4,25,000	4,80,000
Godavari Delta System . . .	20,90,196	23,70,270	25,94,799	25,02,147	24,16,152	25,07,000	25,38,000
Kistna " " . . .	20,79,276	22,16,795	23,01,348	23,07,957	19,57,444	20,07,000	22,47,000
Pennér River canals " . . .	2,26,254	3,27,808	3,29,074	3,17,765	3,03,688	—8,000	3,13,000
Periyar Project . . .	2,20,586	3,05,854	3,46,437	3,32,388	3,59,048	3,73,000	3,79,000
Cauvery Delta System . . .	7,68,290	8,57,686	8,90,913	8,80,640	8,71,976	8,30,000	8,42,000
Rushikulya Project . . .	43,389	12,938	36,551	31,640	36,744	36,000	36,000
Desert canal . . .	1,25,367	1,42,416	1,31,553	95,666	89,224	1,69,000	1,70,000
Begari " . . .	3,49,688	4,07,128	3,22,053	2,72,621	3,15,670	3,90,000	3,68,000
Eastern Nara Works . . .	5,62,709	4,41,493	3,78,666	4,36,029	4,47,929	3,99,000	4,36,000
Mutha canals . . .	2,37,916	1,42,246	2,12,898	1,67,929	2,31,909	1,95,000	2,26,000
Nira canal . . .	88,589	84,881	1,72,519	1,76,560	1,94,271	1,38,000	2,07,000
Jamrao canal . . .	...	2,67,992	2,73,288	3,23,092	4,40,165	6,32,000	5,22,000
Other projects . . .	3,64,481	4,22,146	7,86,794	4,72,642	9,08,881	11,69,000	6,99,000
TOTAL	2,37,59,260	2,56,71,053	2,50,65,817	2,81,40,750	2,91,96,271	2,95,56,000	3,05,10,000

APPENDIX IV—continued.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS.

Actuals, 1903-1904.

RAILWAYS.		Amount in Rupees.	Amount in sterling at contract rates.	Equivalent at Rs. 15=£1.	Exchange.
GUARANTEED RAILWAYS.		R	£	R	R
RECEIPTS.					
Madras		67,40,930	617,919	92,68,779	—25,27,840
Bombay, Baroda and Central India		57,69,521	384,635	57,69,521	...
TOTAL		1,25,10,451	1,002,554	1,50,38,300	—25,27,840
ADVANCES.					
Madras		44,48,112	407,744	61,16,154	—16,68,042
Madras Extensions		1,46,750	9,783	1,46,750	...
Bombay, Baroda and Central India		44,65,269	297,685	44,65,269	...
TOTAL		90,60,131	715,212	1,07,28,173	—16,68,042
NET RECEIPTS.					
Madras		22,92,818	210,175	31,52,625	—8,59,807
Madras Extensions		—1,46,750	—9,783	—1,46,750	...
Bombay, Baroda and Central India		13,04,252	86,950	13,04,252	...
TOTAL		34,50,320	287,342	43,10,127	—8,59,807
SUBSIDIZED RAILWAYS.					
RECEIPTS.					
Gain on re-mittances to India.	Bengal-Nagpur Extensions	...	440	6,594	—6,594
	Indian Midland	...	114	1,710	—1,710
	Southern Mahratta	...	—16,577	—2,48,653	2,48,653
		...	—16,023	—2,40,349	2,40,349
Capital received in India.	Ahmedabad-Dholka	81,000	5,400	81,000	...
	Ahmedabad-Parantij	5,000	333	5,000	...
	Hardwar-Dehra	10,000	667	10,000	...
	Brahmaputra-Sultanpur	22,000	1,467	22,000	...
	Mymensingh-Jamalpur-Jagannathganj	55,000	3,667	55,000	...
	South Behar	4,967	331	4,967	...
	Tapti Valley	23 100	1,540	23 100	...
TOTAL RECEIPTS		2,01,067	13,405	2,01,067	...
		2,01,067	—2,618	—39,282	2,40,349
WITHDRAWALS IN INDIA.					
Assam-Bengal		—12,25,798	—81,720	—12,25,798	...
Bengal Central		—23,156	—1,544	—23,156	...
Bengal-Nagpur		6,14,037	40,936	6,14,037	...
Ditto Extensions		89,08,540	593,903	89,08,540	...
Burma		17,02,891	113 526	17,02,891	...
Indian Midland		34,39,160	222,048	33,30,713	1,08,447
Ditto Saugor-Katni		304	20	304	...
Lucknow-Bareilly		70,081	4,672	70,081	...
Mysore		1,15,939	8,662	1,29,931	—13,992
Southern Mahratta		—6,99,678	—58,307	—8,74,598	1,74,920
		1,29,02,320	842,196	1,26,32,945	2,69,375
Ahmedabad-Dholka		78,989	5,266	78,989	...
Ahmedabad-Parantij		4,999	333	4,999	...
Brahmaputra-Sultanpur		14,451	964	14,451	...
Harwar-Dehra		14,165	944	14,165	...
Mymensingh-Jamalpur-Jagannathganj		36,666	2,444	36,666	...
South Benar		—7,655	—510	—7,655	...
Tapti Valley		76,720	5,115	76,720	...
		2,18,335	14,556	2,18,335	...
TOTAL WITHDRAWALS		1,31,20,655	856,752	1,28,51,280	2,69,375
Net Withdrawals		1,29,19,588	859,370	1,28,90,562	29,026
GUARANTEED AND SUBSIDIZED RAILWAYS.					
Net Withdrawals		94,69,268	572,028	85,80,435	8,88,833

APPENDIX IV—continued.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS—continued.

Revised Estimate, 1904-1905.

RAILWAYS.	Amount in Rupees. (Omitting 000.)	Amount in sterling at contract rates. (Omitting 00.)	Equivalent at Rs. 15=£ 1. (Omitting 000.)	Exchange. (Omitting 000.)
GUARANTEED RAILWAYS.	<i>R</i>	<i>£</i>	<i>R</i>	<i>R</i>
RECEIPTS.				
Madras	66,64	610,9	91,63	—24,99
Bombay, Baroda and Central India	58,00	386,7	58,00	...
TOTAL	1,24,64	997,6	1,49,63	—24,99
ADVANCES.				
Madras	54,00	495,0	74,25	—20,25
Madras Extensions	—54	—3,6	—54	...
Bombay, Baroda and Central India	40,00	266,7	40,00	...
TOTAL	93,46	758,1	1,13,71	—20,25
NET RECEIPTS.				
Madras	12,64	115,9	17,38	—4,74
Madras Extensions	54	3,6	54	...
Bombay, Baroda and Central India	18,00	120,0	18,00	...
TOTAL	31,18	239,5	35,92	—4,74
SUBSIDIZED RAILWAYS.				
RECEIPTS.				
Gain on remittances } Southern Mahratta	...	—26,0	—3,90	3,90
to India. }	...	—26,0	—3,90	3,90
Capita received in India. { Ahmedabad-Dholka	21	1,4	21	...
{ Ahmedabad-Parantij	2	1	2	...
{ Brahmaputra-Sultanpur	—35	—2,3	—35	...
{ Hardwar-Dehra	72	4,8	72	...
{ Mymensingh-Jamalpur-Jagannathganj	18	1,2	18	...
{ Tapti Valley	62	4,1	62	...
TOTAL RECEIPTS	1,40	9,3	1,40	...
WITHDRAWALS IN INDIA.				
Assam-Bengal	—10,85	—72,3	—10,85	...
Bengal Central	—19	—1,3	—19	...
Bengal-Nagpur	2,45	16,3	2,45	...
Ditto Extensions	71,12	474,1	71,12	...
Burma	7,02	46,8	7,02	...
Indian Midland	18,59	124,0	18,59	...
Lucknow-Bareilly	—34	—2,3	—34	...
Mysore	1,05	7,8	1,17	—12
Southern Mahratta	—9,40	—78,3	—11,75	2,35
TOTAL WITHDRAWALS	79,45	514,8	77,22	2,23
Ahmedabad-Dholka	40	2,7	40	...
Ahmedabad-Parantij	2	1	2	...
Hardwar-Dehra	69	4,6	69	...
Mymensingh-Jamalpur-Jagannathganj	27	1,8	27	...
South Behar	—20	—1,3	—20	...
Tapti Valley	63	4,2	63	...
TOTAL WITHDRAWALS	81,26	526,9	79,03	2,23
Net Withdrawals	79,86	543,6	81,53	—1,67
GUARANTEED AND SUBSIDIZED RAILWAYS.				
Net Withdrawals	48,68	304,1	45,61	3,07

APPENDIX IV—concluded.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS—concluded.
Budget Estimate, 1905-1906.

RAILWAYS.	Amount in Rupees. (Omitting 000.)	Amount in sterling at contract rates. (Omitting 00.)	Equivalent at Rs. 15=£1. (Omitting 000.)	Exchange. (Omitting 000.)
GUARANTEED RAILWAYS.				
RECEIPTS.				
	R	£	R	R
Madras	58,71	538,2	80,73	- 22 02
Bombay, Baroda and Central India	41,00	273,3	41,00	...
TOTAL	99,71	811,5	1,21,73	- 22,02
ADVANCES.				
Madras	61,30	561,9	84,29	- 22,99
Madras Extensions	50	3,3	50	...
Bombay, Baroda and Central India	28,50	190,0	28,50	...
TOTAL	90,30	755,2	1,13,29	- 22,99
NET RECEIPTS.				
Madras	- 2,59	- 23,7	- 3,56	97
Madras Extensions	- 50	- 3,3	- 50	...
Bombay, Baroda and Central India	12,50	83,3	12,50	...
TOTAL	9,41	56,3	8,44	97
SUBSIDIZED RAILWAYS.				
RECEIPTS.				
CAPITAL RECEIVED IN INDIA.				
Ahmedabad-Dholka	60	4,0	60	...
Ahmedabad-Parantij	10	6	10	...
Hardwar-Dehra	34	2,3	34	...
Mymensingh-Jamalpur-Jagannathganj	33	2,2	33	...
Tapti Valley	15	1,0	15	...
	1,52	10,1	1,52	...
TOTAL RECEIPTS	1,52	10,1	1,52	...
WITHDRAWALS IN INDIA.				
Assam-Bengal	- 8,95	- 59,7	- 8,95	...
Bengal Central	- 25	- 1,7	- 25	...
Bengal-Nagpur	- 6,70	- 45,3	- 6,70	...
Ditto Extensions	76,80	512,0	76,80	...
Burma	7,67	51,1	7,67	...
Indian Midland	15 77	105,2	15,77	...
Ditto Saugor-Katni Extension	1,00	6,7	1,00	...
Lucknow-Bareilly	- 1,05	- 7,0	- 1,05	...
Mysore	2,20	16,4	2,46	- 26
Southern Mahratta	- 12,88	- 85,8	- 12,88	...
	73,52	491,9	73,78	- 26
Ahmedabad-Dholka	60	4,0	60	...
Ahmedabad-Parantij	10	6	10	...
Hardwar-Dehra	34	2,3	34	...
Mymensingh-Jamalpur-Jagannathganj	33	2,2	33	...
Tapti Valley	15	1,0	15	...
	1,52	10,1	1,52	...
TOTAL WITHDRAWALS	75,04	502,0	75,30	- 26
Net Withdrawals	73,52	491,9	73,78	- 26
GUARANTEED AND SUBSIDIZED RAILWAYS.				
Net Withdrawals	64,11	435,6	65,34	- 1, 2

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA,
ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULA-
TIONS UNDER THE PROVISIONS OF THE INDIAN COUN-
CILS ACTS, 1861 AND 1892 (24 & 25 VICT., CAP. 67,
AND 55 & 56 VICT., CAP. 14).

The Council met at Government House, Calcutta, on Wednesday, the 29th
March, 1905.

PRESENT :

His Excellency Baron Curzon, P.C., G.M.S.I., G.M.I.E., Viceroy and Governor
General of India, *presiding*.

His Honour Sir A. H. L. Fraser, K.C.S.I., Lieutenant-Governor of Bengal.

His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M.,
G.C.M.G., Commander-in-Chief in India.

The Hon'ble Major-General Sir E. R. Elles, K.C.B., K.C.I.E.

The Hon'ble Sir A. T. Arundel, K.C.S.I.

The Hon'ble Sir Denzil Ibbetson, K.C.S.I.

The Hon'ble Mr. H. Erle Richards.

The Hon'ble Mr. J. P. Hewett, C.S.I., C.I.E.

The Hon'ble Mr. E. N. Baker, C.S.I.

The Hon'ble Mr. Gopal Krishna Gokhale, C.I.E.

The Hon'ble Mr. E. Cable.

The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur.

The Hon'ble Mr. H. Adamson, C.S.I.

The Hon'ble Rai Bahadur B. K. Bose, C.I.E.

The Hon'ble Sir Rameshwara Singh, K.C.I.E., Maharaja Bahadur of Dar-
bhanga.

The Hon'ble Rai Sri Ram Bahadur.

The Hon'ble Mr. L. A. S. Porter.

The Hon'ble Mr. A. D. Younghusband.

The Hon'ble Mr. L. Hare, C.I.E.

The Hon'ble Mr. H. A. Sim, C.I.E.

The Hon'ble Nawab Fateh Ali Khan, Kazilbash, C.I.E.

QUESTIONS AND ANSWER.

The Hon'ble NAWAB SAIYID MUHAMMAD SAHIB BAHADUR asked the
following questions :—

“Will the Government, in view of the growing and appalling mortality from
plague (the deaths in the week ending the 11th of the present month being

[*Nawab Saiyid Muhammad; Sir Arundel Arundel; Nawab Fateh Ali Khan.*]

45,541), be pleased to state whether it is in contemplation to engage the services of a bacteriologist or scientist of European reputation, besides other experts who might be appointed by the Secretary of State, for establishing the pathology of the disease and devising a system of preventive and curative treatment on a scientific basis?

"If not, will the Government be pleased now to consider the matter?"

The Hon'ble SIR ARUNDEL ARUNDEL replied as follows:—

"The Government of India have already taken action in the direction suggested by the Hon'ble Member. From the correspondence now laid on the table it will be seen that it has been decided to appoint a plague research party consisting of two experts from England selected by an Advisory Committee at home and two Indian Medical Service officers. The composition of the party has not been finally settled, but a member of the Advisory Committee is now on his way to India in order to arrange the details of the investigation in communication with the Sanitary Advisers of the Government of India."

DISCUSSION OF THE FINANCIAL STATEMENT FOR 1905-1906.

The Hon'ble NAWAB FATEH ALI KHAN said:—"My Lord, I deem myself very fortunate in enjoying the privilege of being in a position to offer the first congratulations to Your Excellency's Government for the highly satisfactory Budget which has been laid on the table by the Hon'ble Finance Member. From what I have read, I feel bound to express my sincere pleasure in observing that the Budget has been most carefully prepared, and shows the increasing prosperity of the Indian Empire.

"My Lord, India has had the good fortune of having increasing surpluses in the Budget ever since the beginning of Your Excellency's administration, but this year's Budget is far more satisfactory than those of past years.

"As expressed by the Hon'ble Finance Member, the improvement in surplus has been 385 lakhs over and above the estimate formed in March 1904. It is pleasing to see that the great increase in the surplus is not due to any increase of taxation. On the contrary, the Government has been graciously pleased to make remissions of revenue in certain portions of the country from time to time during the past year. The unusually great increase is due to several causes, as stated by the Hon'ble Member in his Budget Report: the magnificent returns from the railways, and the raising of the price of opium in Bengal, are two of the chief reasons for the increased surplus of this year.

"After providing for the Army reorganisation, military, and other ordinary expenditure on a sufficiently liberal scale, I gather that we should have a surplus of 510 lakhs next year if taxation remained at its present level. It has, however, been determined, as I learn from the Budget Report, to apply the sum of 374 lakhs out of this estimated surplus to various useful measures to be adopted by the Government for the good of the country. The greatest and the most beneficial measure is the abolition of famine-cesses in the Punjab, United Provinces, and Central Provinces. This measure was greatly called for, and I hope will tend to raise the condition of the people of those provinces.

"The other useful scheme for the advantage of the country is the making of additional assignments of 35 lakhs per annum to the Provincial Governments for the purposes of primary education. I would only here remark that the money, if not properly taken care of, may possibly be spent for some other purposes and thus the real object we are aiming at may be defeated.

"The other beneficial purposes are the reduction of salt-duty, the assignment of money to District and Local Boards, as well as reduction in postal charges, all of which will, I hope, tend to the increase of prosperity and welfare of the country.

"Finally, I offer my thanks to Your Excellency for the adoption of the above administrative measures, which tend to secure lasting good for India, as well

[*Nawab Fateh Ali Khan & Mr. Sim.*]

as for the whole-hearted devotion which Your Excellency has always shown to the cause of the Indian people."

The Hon'ble Mr. SIM said :—" My Lord, Madras would wish to be associated with the rest of India in congratulating Your Excellency's Government on its continuing financial success—on the full purse, which has attended Your Excellency during the last six years, and is still so conspicuously present: most of the sources that have filled it presuppose full pockets in India, while others, such as the sale of opium, and the carriage of grain for export, will have been paid by the consumer, outside India altogether.

" Madras would wish also, my Lord, to express its appreciation of the purposes to which Your Excellency's Government has devoted this surplus; a salt-tax lower than it has been at any time since 1878; liberal grants for Police reform, Primary Education and Agricultural research; assistance to local bodies; these are benefits which will nowhere be more widely felt or more heartily appreciated than in Madras; they are branches of administration to which Madras has always devoted special attention, and lines on which it has always contemplated advance.

" Of *Salt* the Madrasi is the largest consumer in India; of *agriculture* we possess the oldest college; we were first in the field of *Local Self-Government*, and have always been prominent in that domain: while, in the face of recent military changes, we, more than other provinces, require an efficient *Police*. Every body, my Lord, who knows the importance to the Madras raiyat of the services which *Local Boards* perform, and the insufficient resources with which they are furnished, will read with the greatest pleasure of the assistance which Your Excellency's Government is now allotting to these bodies; and will note with pleasure, also, the Hon'ble the Finance Member's assurance that there is no intention to burden this assistance with any charges which are at present provincial.

" Very specially, too, my Lord, will Madras welcome the announcement of the adoption of an energetic and continuing policy 'for the development of *agricultural experiment, research, demonstration and instruction*.' We are both agricultural and raiyatwari in Madras, so that not only is the prosperity of our Presidency greatly dependent on the success of its agriculture, but our officials are brought very close to the daily life of the raiyat and see, at first hand, some of his greatest needs. One of these is this Education, Research, and Demonstration, which Your Excellency's Government is now about to give him; and Madras, which has experienced, I may remark, some of the practical difficulties which beset this apparently simple subject, will wish Your Excellency's Government every success in it.

" Other obvious needs are those of Irrigation, Railways, Credit, and Forestry. In *Irrigation*, while we join with the Hon'ble the Finance Member in the enthusiasm with which he writes of the great *productive* works of the Punjab, we hope Your Excellency's Government will not forget the necessity for pushing on with *protective* works elsewhere; works, which, though not ordinarily remunerative to the Treasury, will be invaluable both to Government and to the raiyat in time of Famine. We would also beg Your Excellency to remember kindly those *minor* works, on which the greater portion of our Presidency has, after all, to depend: the important scheme of Tank Restoration in Madras is progressing less rapidly than we would wish, owing to want of funds; we trust, therefore, that a considerable portion of the additional grant, now announced for Minor Irrigation Works, will be devoted to the Presidency, in which they are of the most importance. I believe, my Lord, that provision for the expansion of work in this direction was not made in the current Provincial Settlement.

" In *Railways*, Your Excellency is giving us some useful extensions, and is lending money to our District Boards to further the more rapid expansion of light railways: both will be welcomed in Madras.

" The subject of *Agricultural Credit* is also being seriously taken up in our Presidency on the lines laid down by Your Excellency's Government and the

[*Mr. Sim ; Mr. Hare.*]

'séarch for Raiffeisen' has begun : we in Madras shall watch it with special care, since we have long recognised its great importance, and possess the greatest Indian authority on the subject in a Madras Civilian. Having a Nicholson, we shall hope that we may be as fortunate as Bengal has been, in also finding a Hamilton.

" Under *Forests*, we notice with satisfaction that the coming year's Budget provides for increased expenditure in Madras. I would put in a plea for its continuance in future years ; whether one accepts only the more obvious uses of forests, or believes also in their climatic effects, the creation and working of a forest area, sufficient for local requirements, would appear to be one of the most pressing needs of an agricultural and pastoral country, of uncertain rainfall, and increasing population, such as ours is ; the task will necessarily be long and difficult, but time and difficulty can be reduced to a minimum, by a continuous and liberal outlay of money during the earlier years ; it is such outlay that I now plead for : there may, it is true, be other provinces in which it would bring in a more immediate money return ; but I would urge that, in the case of forests, as in the case of other administrative essentials, it is, up to a certain point, not the highest revenue, but the greatest necessity, that should carry the day.

" Madras would thank Your Excellency for grants to the *Madras Harbour* in the current and coming years ; and also, *in advance*, for favours to come, in the provision from Imperial revenues, of the cost of reorganizing the *District Administration*, in accordance with the promise given to us in our Provincial Settlement of last year. In connection with this Settlement, I may add that it is unfortunate for the Provincial Treasury and a matter of extreme regret to the Madras Government that its first year should be marred by drought and scarcity, and all the loss and distress to the agricultural population that are their necessary accompaniments.

" In regard to *Receipts*, my Lord, I would only notice one item, that of *Excise* ; so far as Madras is concerned, I would venture to support the view of the Hon'ble the Finance Member that the increased receipts under this heading are due to higher taxation and not to increased drinking ; I would claim, indeed, that Madras has been the pioneer in excise reform, based on this cardinal principle of obtaining a maximum of revenue from a minimum of consumption ; and I am glad to believe that, of late years, its pre-eminence in this direction has been recognized in other parts of India, and that Madras is now the Mecca of Temperance to which official pilgrims from less forward provinces periodically wend their way.

" It only remains for me, my Lord, in the name of Madras, to thank Your Excellency and Your Excellency's Government, for the kindly consideration, shown throughout the Budget, to an absent and distant Presidency."

The Hon'ble MR. HARE said :—" I congratulate the Hon'ble Finance Member and the Government upon the prosperous state of the finances, and desire to express my approval of the manner in which the surplus has been dealt with.

" While something has been given to the reduction of taxation, there has been a large appropriation to the improvement of the administration, and this was very urgently required.

" The increased expenditure on the police is absolutely necessary, and the large grant to education cannot fail to be beneficial. The grant to District Boards is, I consider, a most excellent measure. The new railway lines require to be supplemented in many cases by feeder roads, and the road systems of many districts require to be to some extent remodelled and in all cases require to be linked up with the railway. The growing wants of the District Boards in other respects are well known, and there seemed to be no hope of meeting their requirements from any other source.

" The grant for agricultural research, experiment, and instruction is very welcome, and I can only express a wish that it could have been larger.

[*Mr. Hare; Mr. Porter.*]

“ I observe that nothing has been given for Veterinary purposes, either for the creation or development of colleges or for the establishment of a Veterinary Department. This I much regret. I think that an enormous increase of wealth is to be won for this country in saving the life of cattle and increasing their efficiency by improving the stock. In this matter as in Agricultural development Government will have to lead the way, and if any adequate result is to be achieved considerable expenditure will be required.

“ As a matter also directly bearing on the prosperity of Bengal, I would venture to mention the importance of pressing on more rapidly with the record-of-rights. As a means of securing to agriculturalists the fruits of their labour and of improved methods of agriculture this is a matter of some urgency. There are at present three parties at work in the Province of Bengal, and I should like to see a fourth party. But this work can only be entrusted to the permanent staff and so can only be taken up as the necessary staffs, both for survey and record work, can be permanently sanctioned and trained. Hitherto it has not seemed to be within the bounds of practical politics to ask for more than the staff necessary for three parties. Applications are continually being made here by landlords, and there, by raiyats for records-of-rights to be undertaken. It is expensive and unsatisfactory to take up isolated cases, and the necessity of pressing on with the general provincial scheme is clearly indicated. I would express a hope that the improved financial position may make it possible to sanction a further increased staff, and that the requirements of Bengal in this respect may be sympathetically considered.”

The Hon'ble MR. PORTER said:—“ My Lord, I have to congratulate the Hon'ble the Finance Member on the fact that in this—his first—Budget he has at his disposal a large surplus. I hope that the good fortune which attended his predecessor may continue throughout his term of office.

“ I do not propose to attempt to criticise in detail the objects to which the Government have decided to devote this surplus, or to offer any opinion on the estimates of the coming year. I desire only to make a few remarks on certain matters which affect the United Provinces.

“ It is unfortunately only too true that the cold weather crops in the United Provinces, which promised to be magnificent, have been seriously damaged by frost. In the north of the Provinces, including the Meerut and Rohilkhand Divisions, where the crops were less advanced, the loss except in two districts is small. Again, in the Benares and Gorakhpur Divisions, and in part of the Fyzabad Division, the frost was less severe and comparatively little harm was done. But in the Allahabad Division not a single district, and in the Lucknow Division only one district, escaped serious injury; while in the Agra Division, and in two districts in the Fyzabad Division, the loss, though less severe, has been very great. Roughly it may be said that the proportion of the produce lost varies from three-fourths to one-fourth throughout the injured tract, and this loss will be very severely felt, especially in Bundelkhand and Cawnpore, where the preceding kharif harvest was indifferent. A sudden calamity of this extent and severity calls for liberal, and above all for prompt, relief. That relief has, I am glad to say, been granted in full measure. The estimate of land-revenue collections in the United Provinces has been reduced by 50 lakhs, and of this sum no less than 42½ lakhs are to be treated as remissions. In preferring remissions to suspensions the Government have, I venture to think, acted wisely. In cases of widespread and serious loss of crops, suspensions afford little real relief. Suspensions tend, moreover, to demoralize the people by keeping a load of debt hanging over them; they injuriously affect the credit of the cultivator with the village-banker; and they encourage the revenue-payers to withhold what they can pay in the hope that the suspensions will ultimately be converted into remissions.

“ The abolition of the famine-cess will afford some welcome relief to those classes on whom the burden of local rates bears somewhat heavily. But apart from this the remission will be popular. The somewhat bitter feelings which were aroused when the cess was first imposed, by the way in which the

[*Mr. Porter.*]

proceeds of the cess were at the outset utilized, have long ago subsided, and the controversy is now ancient history: but every one will be glad that Government are at last in a position to remit an impost regarding which at one time so much misunderstanding took place.

"The liberal grant of 6½ lakhs for increasing the strength and pay of the rank and file of the Police and of Sub-Inspectors will do much towards improving the position and prospects of a very hardworked and on the whole deserving body of men. That some increase of pay was necessary has long been obvious to those who have studied the subject. To quote merely one instance,—it is, I believe, an established fact that a Sub-Inspector of the third grade, the rank in which trained officers begin their career, and in which grade they remain for several years, cannot live on his present pay. Almost equally important, however, with the grant of adequate pay and horse allowance is the provision of decent and sanitary quarters. Self-respecting men will not join or remain in a service which requires them to live in unhealthy or squalid surroundings. It has been laid down, and Provincial Governments have accepted the ruling, that the cost of providing suitable police buildings must be met from provincial revenues. This principle is fair enough; and for the last few years the Government of the United Provinces has been expending large sums annually on the improvement of police lines and buildings generally. Before that, however, owing to the late famine, and to other causes which need not now be referred to, expenditure on police buildings had been very restricted; and a great deal of lee-way has now to be made up. In these circumstances it is unfortunate that during the coming year the provincial expenditure on buildings will have to be curtailed. The provincial finances will be crippled by (1) the loss of land-revenue in consequence of the injury to the crops by frost, (2) by the drop in irrigation receipts (which under the new financial settlement is practically an entirely provincial head) due to the continued winter rains, and (3) by a probable drop in excise receipts in sympathy with agricultural depression. These losses have necessitated strict economy in framing the provincial budget of the coming year, and have involved retrenchment of expenditure not only on building projects, but even on desirable minor irrigation works.

"A further burden on provincial finances is plague expenditure. When the present financial settlement was being arranged, the Government of India stated distinctly that no allowance for plague charges could be made, as those charges were temporary. But the terrible epidemic of plague which is now raging in the United Provinces holds out no hope of the early disappearance of the disease. It is true that in the coming year the allotment for direct plague expenditure will be reduced from three to two lakhs, but there is the likelihood of even larger expenditure in the future if the result of expert investigation is to indicate any practical measures of prevention. Again, the cost of relieving Municipal Boards of Police charges comes to Rs. 3,89,000, or Rs. 1,39,000 more than the amount allowed by the Government of India at the recent settlement. Nearly all this is being spent on plague. The result is that the Provincial Government is spending directly or indirectly on plague charges some 3¼ lakhs, for which no provision was made when the provincial share in the revenues accruing in the Provinces was determined.

"In connection with the subject of police reform I would remind those Indian gentlemen who denounce the present civil police so strongly that the force is almost entirely composed of their own countrymen. If the personnel is unsatisfactory, the only remedy is to obtain a better class of recruit. The unpopularity of service in the police is unfortunately notorious; and I attribute much of this unpopularity to what I consider the unfair manner in which the police are written of and spoken of by certain sections of their fellow-countrymen. Misdemeanours where they occur must be exposed; and the people who expose them are discharging a public duty. But indiscriminate abuse only does harm. It disgusts and disheartens the good men, and makes the bad men worse. Government may offer better pay and better prospects, but self-respecting men will not willingly enter a service if they continue to see and hear it denounced in the Press and in the Courts as oppressive and corrupt.

[*Mr. Porter ; Rai Sri Ram Bahadur.*]

"The special permanent grant of six lakhs for primary education should go far towards placing primary schools on a satisfactory footing. As the Government of India are aware, a large portion of the previous five lakh grant was devoted to primary education. The present grant will enable the Provincial Government to extend its policy of (1) opening new primary schools and improving buildings and apparatus ; (2) increasing the number of normal schools, and introducing a simple supplementary system of training teachers for primary schools ; and (3) further strengthening, and improving the prospects of, the district inspecting staff. It is also hoped to give some stimulus to primary female education.

"The liberal grant of 8 lakhs to District Boards will meet with universal approval. These Boards, unlike Municipal Boards, have in the United Provinces no powers of taxation, and apart from their share in the rates and the receipts from transferred services, they are entirely dependent for their income on such assignments as the Provincial Government may be able to make. Much has been done in recent years to improve the financial position of these Boards ; and the Local Government has prepared and is about to introduce a Bill for conferring on these Boards a larger measure of financial independence and responsibility. But there can be no doubt, as mentioned in the Statement, that the resources of the Boards are incommensurate with the duties imposed on them. There are at the present moment several urgent projects for railway feeder roads in the United Provinces which are in abeyance for want of funds. Another urgent want is that of decent boarding houses for town schools. At many town schools there is no accommodation at all for boarders ; and, where such accommodation exists, it is as a rule insufficient and unsuitable. It is now recognized that a proper system of hostels under adequate supervision is essential to any sound system of higher education ; and in the case of the various colleges the want is being supplied either by Government or by private benefactors. But hitherto the needs of town schools, in this respect, have almost entirely been overlooked. The age at which a boy emerges from the primary school, and joins the higher classes in a town school, is the time when he stands most in need of supervision and of good surroundings. It is admitted that no student, who has not been thoroughly grounded at school, can derive full benefit from the teaching he receives at college. So it seems to me that much of the moral good which should result from residence in a well conducted University hostel, will be lost to the boy who has been accustomed for several years to a lower standard of life.

"From the above remarks I do not wish it to be inferred that the Government of the United Provinces has any complaint to bring against the terms of the financial settlement made twelve months ago. Compared with previous contracts that settlement was liberal, and it was supplemented with a large initial grant. It is to be regretted that a great agricultural disaster has seriously affected the Provincial income in the second year of the settlement, and has compelled the Provincial Government to curtail its expenditure on works of the highest public utility. I trust, therefore, that if—as we all hope—the coming year proves to be one of peace abroad and prosperity at home, and if the Government of India find themselves in possession of a large surplus, the case of the United Provinces, which contribute so largely to the Imperial Exchequer, will again be favourably considered."

The Hon'ble RAI SRI RAM BAHADUR said :—"My Lord, it is a matter of great gratification to us non-official Members that the Financial Statement made this year has given us once more the opportunity to congratulate Your Excellency's Government on the satisfactory condition of the finances of the Empire. The Hon'ble the Finance Member is specially to be congratulated on commencing his term of office by presenting to the Council a Budget possessing many interesting and pleasant features.

"My Lord, the excellence of a Budget does not, in my humble opinion, consist in showing large surpluses, but in the manner in which they are .

[*Rai Sri Ram Bahadur.*]

utilized; and I am glad to say that the Budget before us possesses that characteristic.

" Surpluses.

"My Lord, six successive years of large surpluses is an event of unique occurrence in the financial history of British India; this being the sixth year in Your Lordship's rule, in which a Budget showing a large surplus has again been laid before this Council. This is the more remarkable, as at the commencement of Your Excellency's administration the country was passing through a famine characterized as 'the greatest famine of the century.' Under Your Excellency's *régime*, not only have the finances of India been brought to a satisfactory condition, without the imposition of any fresh taxes, but a policy of giving financial relief to the people, by the remission of taxation, has been inaugurated—a state of things which has been quite unknown to the Indian tax-payer during the two decades preceding the year 1902-1903. The abolition of the *pandhari*-tax in the Central Provinces, in that year, was followed, in the subsequent year, by the reduction of half a rupee per maund in the rate of duty on salt, and the raising of the minimum of taxable incomes. The coming year's Financial Statement contains the gratifying announcement of other measures calculated to afford further relief to the Indian tax-payer, by taking off another half a rupee from the rate of salt-duty, and by repealing the so-called famine-cess in the United Provinces, the Punjab and the Central Provinces. The further reduction of duty, on such a necessary of life as salt, will give a much-needed relief to a class of people who most urgently required it. The repeal of the famine-cess is an act of bare justice, as its proceeds were often applied to purposes other than those for which it was professedly levied. Moreover, this cess was peculiar to the three provinces named above. Its continuance, my Lord, was no longer justified.

"For all these measures of relief the country is beholden to Your Excellency's Government. In order to show with what feelings of gratefulness the announcement of the remission of taxation has been received in the United Provinces, I beg with Your Excellency's permission to read the telegrams received by me from the leading associations in those Provinces, asking me to tender on their behalf respectful thanks to Your Excellency for these measures.

"These telegrams are from the Talukdars' Association in Oudh, from the Zamindar Association, Muzaffarnagar, and from the Rifahiam Association, Lucknow.

" Dated 28th March, 1905.

From—The Maharaja of Ajodhya, President, B. I. Association, Oudh.

The talukdars of Oudh tender their most respectful and heartfelt thanks to His Excellency the Governor General in Council and earnestly hope that the liberal policy thus inaugurated by His Excellency will be pursued further by the remission of other cesses on land.

Dated 25th March, 1905.

From—Hotobre Nihalchand of Muzaffarnagar.

Kindly convey deep-felt gratitude of Zamindar Association, Muzaffarnagar, to His Excellency Governor-General for granting their memorial and remitting famine-cess.

Dated 28th March, 1905.

From—Hon'ble Raja Ali Mohamed Khan, President.

Rifahiam Association, which counts among its members many of the educated citizens of this city and province, most of whom are malguzars or tax-payers, desires me to convey through you to His Excellency the Viceroy in Council its respectful thanks for recent abolition of famine-tax and reduction in salt-tax; new postal regulations and increased allotments for police and education have also been received with satisfaction. In conclusion the Association desires me to ask you to convey to His Excellency in Council their respectful acknowledgments of the generous treatment of these provinces as evidenced by recognition of widespread damage to crops by recent frost.

[*Rai Sri Ram Bahadur.*]*" Cesses on Land.*

" My Lord, while welcoming most gratefully the repeal of the famine-cess in the provinces in which it was levied, I beg to submit the following for Your Lordship's favourable consideration. The relief afforded is confined to three provinces only ; other provinces do not participate in it. The aggregate amount of the repealed cess comes to about Rs. 22½ lakhs only out of the total annual sum of more than 423 lakhs levied, in the whole of India, as cesses and rates. The remission just made will not benefit the cultivating classes whose claims upon the Government, for a substantial relief, by reduction of the taxation, are many. They form the bulk of the Indian nation : they pay to Government more than 33 crores of rupees as land-revenue and cesses, in addition to other direct and indirect taxes paid by other sections of the community : they have been the greatest losers by the depreciation in the value of silver, and by the artificial value given to the rupee by the currency legislation : and they have already suffered most, and are liable, in future, to suffer again, by drought, inundation, frost, and other calamities of the season.

" The reduction in the duty on salt has no doubt afforded them some relief, but the quantity of that article consumed annually by the family of an agriculturist is so small that the relief thus given to him is not very appreciable. Moreover, this is a kind of relief which is shared in common both by the agricultural and other classes of His Majesty's Indian subjects. But considering that the agriculturists labour under peculiar disadvantages, considering that they have to bear the brunt of direct taxation and its ever-increasing weight, and suffer more terribly from the devastations and ravages of famines than any other section of the community, they are, my Lord, entitled to some special relief at the hands of the Government, at a time when, by reason of an overflowing treasury, it is in a position to afford such relief.

" Cesses in the United Provinces.

" In this connection, I beg to refer specially to the case of my own provinces. They pay the largest amount of land-revenue and cesses, more than a quarter of the total sum paid by the whole of British India. In 1903-1904, the revenue paid by them came, in round numbers, to 639 lakhs, and the cesses to 104½ lakhs ; whilst all the other provinces put together contributed 2,095 lakhs and 319 lakhs under both those heads, respectively.

" In no other Indian province have the land-revenue and cesses gone up by such leaps and bounds as in the United Provinces. In the last decade alone, *i.e.*, from 1893-1894 to 1903-1904, the revenue has increased by about 45½ lakhs, and the cesses by about 10½ lakhs.

" In the concluding years of the East India Company's rule, Lord Dalhousie laid down, for Northern India, the salutary rule of fixing the Government demand at one-half the actual rental. Some small cesses for local purposes, *viz.*, for roads, schools, and district post, were also levied, but their aggregate rate did not exceed 2½ per cent. on the revenue. In Oudh these cesses were levied under certain circular orders issued by the Chief Commissioner. In Lord Mayo's time that rule was for the first time transgressed, and new rates were imposed, in the province of Agra under Act XVIII of 1871, and in Oudh under Act XVII of 1871. In 1878, when Sir John Strachey, the then Finance Member, created the so-called Famine Insurance Fund, a further rate at Rs. 2 per cent. on revenue was imposed, in the province of Agra under Act III of 1878, and in Oudh under Act IV of the same year. We are grateful to Your Excellency's Government for repealing the last-named cess this year.

" There are two other cesses levied on land in these Provinces which require special mention ; these are the chaukidari-cess and the patwari-rate.

" My Lord, the watchman and the accountant had, from time immemorial, occupied the positions of village-servants, in the rural economy of these Provinces. It was for the services rendered by them to the village-communities that they used to be remunerated by the tenants and landlords. But by degrees they have now been brought to the status of Government servants. The chaukidar has now become part of the Police and the patwari has practically become an adjunct

[*Rai Sri Ram Bahadur.*]

of the Government Department of Land Records. They do not stand in the same relation to the landholders and tenants in which they stood before. The Government ought, therefore, to bear the whole cost of their maintenance and the landlords and tenants should be relieved of this burden.

"My Lord, there is another peculiar feature, about all these cesses, to which I would draw Your Lordship's attention. They are always imposed at the *maxima* rates provided by law, and in case there are savings, after expenditure, in the annual proceeds from them, then also the full rates, without any abatement, are always levied.

"My Lord, to take the case of the province of Oudh. By the late revision of assessment, there has been a very great rise in the revenue assessed on land, in all the districts throughout; the incidence of the increase over the last demand in each district is not uniform, but it ranges from 21 to 41·1 per cent. No satisfactory reason is given why the cesses, and specially the patwari and chaukidari rates, should have also gone on increasing, and why the expenditure, under the heads to which these cesses are employed, should have taken so immense a leap upwards as to absorb the very considerable increase in the amounts of these rates caused by the enhancement of the revenue proper.

"My Lord, the aggregate rate of the cesses levied on land, besides the land-revenue, came to 16 per cent. on the revenue. Your Lordship's Government has put the landed classes of these provinces under great obligation by the repeal of the famine-cess. After taking this remission into account, the amount of the cesses now left is 14 per cent.; they being the local rates, the chaukidari-cess and the patwari-rate. Some of these are levied from the tenants as well as from the land-holders. As remarked by the Hon'ble Mr. Baker, in paragraph 22 of the Financial Statement, the actual cultivator will get no benefit from the remission of the famine-cess. The generous and liberal policy inaugurated by Your Excellency's Government in this direction strengthens the hope entertained by the people of my provinces that the cesses which press so heavily on all the landed classes alike will soon be repealed or be reduced in the rate at which they are levied.

Military Expenditure.

"Before I take up other points, I wish to say a few words on the inordinate and alarming growth of Military Expenditure, a factor which exercises such a disturbing influence on the Indian finances. The expenditure under this head has, of late, increased by such leaps and bounds as to have almost doubled in the brief period of one decade. In 1903-1904 it was 19½ millions sterling. In 1904-1905 it came to more than 22 millions, an increase of 2½ millions in one year. For the next year, the increase in army expenditure is estimated at 31½ lakhs, *i.e.*, £210,000, but actual experience has shown that these estimates cannot serve as a correct guide of what will be the actual outlay, as in the year which is about to close the excess over the budgeted amount has grown to £1,200,000 or 180 lakhs of rupees. A very considerable portion of the large surpluses is thus swallowed up by the ever-recurring increase in expenditure under the head of Army Services, &c., and the result is that the sums left in the hands of the Government for employment in measures calculated to effect administrative and material advancement of the country are diminished to a very considerable extent. And this is the state of things at a time, when the proved and unswerving loyalty of the Indian people should banish completely all ideas of any internal commotion, and the recent occurrences in other quarters of the globe should allay, at least for half a century, all apprehensions from any foreign Power. My Lord, the Secretary of State for India has recently made the statement that the Tibetan question is not a question of purely Indian interest. Justice and equity require, therefore, that the entire expenses incurred in connection with the Tibet Mission, or at least the major portion of them, should be borne by the Home Government, and not by India.

" Railways.

"My Lord, last week I had the honour to make the remark that the unprecedented increase in the income from the railway traffic is a noteworthy

[*Rai Sri Ram Bahadur.*]

feature in this year's finances. More efforts should, therefore, be directed towards the improvement of comfort of, and facilities for, the third class passengers, and the example set in this direction, by a State line, *viz.*, the Oudh and Rohilkhand Railway, is worthy of being followed by the other lines. I hope that this question will receive the due consideration of the newly formed Railway Board.

"There is one matter in connection with the railway construction to which I beg to draw the attention of Your Excellency's Government. It is the providing of a shorter and more direct means of railway communication between two such important centres as Lucknow and Allahabad. At present there are two routes available, one *via* Cawnpur and the other *via* Partabgarh, but both of them are circuitous, though the last-mentioned one has shortened the distance to some extent. By constructing a chord line between Allahabad and Rai Bareilly the distance will be much diminished, and the time taken in transit will be reduced by some hours. The line will be a short one, and will not cost much.

Indigenous Industries.

"My Lord, now that Your Excellency's Government has established a new Bureau whose special care will be devoted to industry and commerce, it is hoped that the encouragement and revival of the decaying indigenous industries will receive particular attention of the Government. The industrial and the artisan classes, in the rural areas, have largely abandoned or are abandoning their hereditary professions and taking to agriculture as the means for earning their livelihood. The situation is assuming a serious aspect day by day, by creating so much pressure on one industry only, *viz.*, agriculture, which is liable to so many vicissitudes. I admit, my Lord, that it is a question which is beset with very serious difficulties. A Budget debate is not the occasion during the course of which any detailed scheme can be proposed or discussed regarding a subject of such importance. My Lord, by way of example, I may refer to the industry of weaving. The introduction of the hand-loom, if effected by proper means, may bring about beneficial results. The Hon'ble Member in charge of the newly created Department who is in a far better position to grapple with this question will, it is hoped, devise some suitable measures for reviving the indigenous industries.

"Agricultural Improvement.

"My Lord, another important announcement contained in the Financial Statement is the allotment of Rs. 20 lakhs per annum for the development of agricultural experiment, research, demonstration, and instruction. What amounts will be allotted to the different provinces have not been mentioned, nor have any details been given as to how this money will be spent. But one of the objects to which a portion of this allotment is to be devoted is the creation of an agricultural college in each of the larger provinces. My Lord, this will be a move in the right direction; the agricultural conditions of the different provinces not being homogeneous, the establishment of separate demonstration farms and separate colleges in each of the larger tracts of the country are the best means by which agricultural education on a practical and useful basis can be imparted.

"The great impetus which the subject of agricultural development has received during the last three years, and the care which is now being bestowed upon this subject by the Government engender the hope that the improvement of this industry in India has a very great future before it. The importance of this subject is such that it should constitute by itself a separate Department divorced from that of Land Records and Statistics, and be placed under officers who should devote their whole time and undivided attention to matters relating to the advancement of agriculture. But this should be done without incurring any additional cost, as there are more superior officers than one in each province in the Department as at present constituted, and the clerical staff of the Agricultural Section is separate from those of the Land Records and Statistics. It is only a proper distribution of the work among them that will be required.

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"Police Reform.

"My Lord, another object to which a large portion of the surplus is going to be applied is the reform of Police, regarding which the intentions of Your Lordship's Government have been made public a few days ago. But as many details relating to the scheme are still to be worked out by the Local Governments, I refrain from offering any remarks on this subject at present.

"Employment of Indians in the Public Services.

"My Lord, no question is of more vital importance both to the people and the Government than that of the recruitment of the public services in India. In the opinion of many people the cost of the administration in this country is very high. An infusion into the machinery of Government of a large, and growing yearly larger, element of the indigenous talent will go by far to solve this problem. The history of the employment of the Indians in the public services of their country is a history of pledges unredeemed and hopes unrealised.

"So early as 1833 the British Parliament had the magnanimity to pass Statute 3 & 4 Will. IV, cap. 85. Section 87 of that Statute runs as follows:—

'That no Native of the said territories (India), nor any natural-born subject of His Majesty resident therein, shall, by reason only of religion, place of birth, descent, colour, or any of them, be disabled from holding any place, office, or employment under the said Government.'

"It was in the same spirit that the Court of Directors, with reference to the above enactment, sent their Despatch No. 44, dated 10th December 1834, in which, among others, the following passage finds place:—

'But the meaning of the enactment we take to be that there shall be no governing caste in British India; that, whatever other tests of qualification may be adopted, distinctions of race or religion shall not be of the number; that no subject of the King, whether of Indian, or British, or mixed descent, shall be excluded either from the posts usually conferred on our uncovenanted servants in India, or from the covenanted service itself, provided he be otherwise eligible consistently with the rules and agreeably to the conditions observed and enacted in the one case and in the other.

'Certain offices are appropriated to them (Indians), from certain others they are debarred; not because these latter belong to the covenanted service and the former do not belong to it, but professedly on the ground that the average amount of native qualifications can be presumed only to arise to a certain limit. It is this line of demarcation which the present enactment obliterates, or rather for which it substitutes another wholly irrespective of the distinction of races. Fitness is henceforth to be the criterion of eligibility.'

"Next we come to the ever memorable Royal Proclamation of 1858, issued by the late august and illustrious Queen-Empress, wherein occurs the following passage breathing most noble sentiments of justice and humanity:—

'We hold ourselves bound to the natives of our Indian territories by the same obligations of duty which bind us to all our other subjects; and these obligations, by the blessing of Almighty God, we shall faithfully and conscientiously fulfil. And it is our further will, that, so far as may be, our subjects, of whatever race or creed, be freely and impartially admitted to offices in our service, the duties of which they may be qualified by their education, ability and integrity, duly to discharge.'

"In their solicitude to do justice to the Indians, Her Majesty's Government took still further action in that direction. At the time of the issue of the Proclamation above referred to, there existed section 57 of Statute 33 Geo. III, cap. 52, which laid down that 'All vacancies happening in any of the offices, places, or employments, in the Civil line of the Company's service in India shall be from time to time filled up and supplied from amongst the Civil Servants of the said Company belonging to the Presidency wherein such vacancies shall happen.'

"As this enactment stood in the way of giving effect to the wishes expressed in Her Majesty's Proclamation, the Statute 24 & 25 Vict., cap. 54, was passed in

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1861, which not only defined, in the schedule attached thereto, the appointments reserved for the Civil Service, but empowered the authorities in India, in special circumstances, to appoint to these offices also persons other than Covenanted Civil Servants, subject to certain restrictions. But the authorities in India did not exercise the powers given to them in 1861 in favour of the Indians, for long nine years with the exception of two cases, and Her Majesty's Government passed in 1870 the Statute 33 Vict., cap. 3, providing in section 6 'additional facilities for the employment of the Natives of India of proved merit and ability in the Civil Service of Her Majesty in India.' Nine more years elapsed before the rules for giving effect to the above enactment were framed. These rules were not as good as they ought to have been, but they made it incumbent upon the Government to give about one-fifth of the appointments in the Civil Service to the children of the soil. They further reserved posts carrying a salary of Rs. 200 a month and upwards for the Indians exclusively, in all the special departments, except half a dozen. These rules were regarded with high appreciation, as they went to meet the just and legitimate claims of the Indians to superior appointments in all the civil departments of the Government.

"The Public Service Commission was appointed in 1882 to give effect to the generous intentions of the Home Government as embodied in the Statutes and Despatches above referred to. Unfortunately the recommendations of that Commission were not favourable to the interests of the people of this country. The Commission recommended to abolish the Statutory Civil Service and to reserve for the Indians only 108 appointments in the higher Services. Had the Statutory Civil Service been retained, Indians might have looked forward to securing for themselves 156 appointments in due course. Moreover, there is no guarantee that all the 108 appointments recommended by the Public Service Commission would be conferred upon the Indians only.

"I would draw Your Excellency's attention to the Circular of 1879 reserving posts of Rs. 200 per month and upwards, in certain special departments, exclusively for the natives of India. Clause (d) of paragraph 3 of the said circular excludes only half a dozen departments from its operation; that is to say, it doesn't go so far as to provide that the posts in them should be held as exclusively by the natives of India as in those special departments. The six excepted departments are (1) the Opium, (2) the Salt and Customs, (3) the Survey, (4) the Mint, (5) the Public Works, and (6) the Police. But though the last-named six departments were not exclusively reserved for the natives of India, yet the following instructions were issued in regard to them in that circular:—

'Though the six departments under clause (d) of paragraph 3 above are excluded from the operation of the present orders, the Governor General in Council does not wish that offices in these departments should be in any way reserved for Europeans,' and very good reasons were given by Government for those instructions. It said—

'The duties of the Opium and Customs Department are not more technical or arduous than those of the land-revenue and settlement branches of the service, wherein natives of India do excellent work.'

"As regards the Survey Department, the Government said that—

'men of the same race as Colonel Montgomery's Native Trans-Himalayan explorers can surely be trusted with responsible offices in the survey of the plains of India.'

"As to the fitness of the Indians to discharge the duties of the Public Works Department, the Government said as follows in the same circular:—

'The Governor General in Council has been glad to see that in one most important branch of the Public Works Department, Bengal, the Lieutenant-Governor has decided that Native Engineers should be employed much more largely than hitherto.'

"And lastly, we have the following remarks about the Police Department in the same circular—

'the annual Police reports for the various Provinces show that the Native Police-officers when advanced to positions of trust do their work zealously and honestly.'

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“The circular concludes in these words :—
‘and the Governor General in Council hopes that it may be possible to appoint natives of India more and more freely in these departments.’

“Thus the Government of India have not only acknowledged the thorough fitness of the Indians to fill the higher offices in the six departments noted above, but expressed a desire that they might ‘more and more freely’ be appointed in them.

“Though a quarter of a century has passed away since the Government issued those instructions, the following table will show how far they have been carried out in practice with regard to the higher posts in those Departments having salaries of Rs. 200 or upwards attached to them (the figures in this and all other tables being taken from the Home Department Resolution of 24th May, 1904) :—

Name of Department.	Number of Europeans and Eurasians.	Number of Indians.
(1) Opium	69	12
(2) { Salt	{ 128	47
{ and Customs	{ 169	16
(3) Survey	99	9
(4) Mint	38	3
(5) Public Works	696	381
(6) Police	668	179
Total	1,867	647

Thus we find that in the grades carrying a salary of Rs. 200 or upwards the proportion in which the Europeans and Eurasians stand to the Indians is as 3 to 1.

“Then, my Lord, the mere number of appointments does not, however, represent the real situation, for it is only in the lower grades of the higher posts that the Indians have a place. In the higher grades they are conspicuous by their absence.

“For the sake of illustration I shall take the Opium Department :—

Grades.	Europeans and Eurasians.	Indians.
Rs. 200—300	7	3
Rs. 300—400	9	2
Rs. 400—500	11	5
Rs. 500—600	8	2

“There are 34 other higher posts in this department carrying salaries ranging from Rs. 600 to Rs. 3,500, and all these are held exclusively by the Europeans. The same state of things exists in the five other departments named above. But to avoid burdening my remarks with dry figures I have given them in a tabular statement which is marked Appendix A.

“With regard to other departments, which were ‘reserved mainly to Indians,’ such as Post Office, Telegraph, Railway, etc., and which are not subjected to the reservations applicable to the six excepted departments, the same remarks do apply. The tabular statement given in Appendix B will show that the Indians hold none of the higher appointments in these departments also

“My Lord, one of Your Excellency’s most noble utterances contained in the memorable speech delivered at Jeypur gave rise to great hopes in the minds of the people of this country. They look with eagerness to the doors of the higher grades in the Public Services being opened wider and wider for their entrance. I do not for a moment contend that the Europeans should not guide and control the affairs of the country, which, in my opinion, is essentially necessary for its good government. I can also fully understand the policy of the Government in excluding the Indians from such services as the

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higher military services, the Foreign Department and the like. But the claims of the children of the soil should also receive due attention. If competent men from among them be available why should they not have more extended admission to the higher posts in such departments as Opium, Salt, etc.? My countrymen earnestly hope from Your Excellency's Government that extended action will be given to the rules and orders in this respect by bestowing on them posts to which they may be found to have qualified themselves.

"Separation of the Judicial and Executive functions."

"My Lord, there is one other matter of administrative reform, of the most important nature, to which I beg to make a very brief allusion. It is the separation of the executive and judicial functions—a crying want urgently needed in the interests of justice. At one of the former debates Your Excellency was pleased to remark that this subject will receive Your Excellency's early attention. The public are anxious to know if any, and what steps, have already been or are going to be taken by Your Excellency's Government towards the solution of this problem which is of such vital importance to the governed.

"Loss of Spring Crops in the United Provinces."

"My Lord, I shall now address the Council on matters of purely provincial importance and of immediate concern to the United Provinces. The subject which at present engrosses the attention of the people of my provinces is the gloomy prospect before them, brought about by the total loss in many, and the partial one in almost all the districts, of the spring harvests, brought about by the severe cold and unprecedented frosts of the latter part of January and the beginning of February last. The full extent of the damage cannot be correctly estimated until the crops are gathered, but from the accounts received it appears to be very considerable. I am glad to notice that the seriousness of the situation has been recognized by the Government, as has been stated by the Hon'ble Mr. Baker in his Financial Statement, and provision has been made in the Budget for remissions of revenue to the extent of 42½ lakhs. Whether this amount will suffice to afford adequate relief to the landed classes in the tracts of the country affected by this misfortune, is a question on which no definite opinion can be pronounced just now, but there can be no doubt that our sympathetic Provincial Government will make the best use of the means placed at its disposal by Your Excellency's Government, and make liberal remissions of revenue in the affected districts. My Lord, the landed classes of the United Provinces deserve a lenient and liberal treatment at the hands of the Government, because in the years of prosperity they have been very regular in the discharge of the revenue demand. In 1903-1904, out of a total demand of 627 lakhs, they paid more than 624 lakhs, or 99·5 per cent. The Local Government in its last Administration Report has noticed this fact and has said that the balance left unrealized consisted mostly of suspensions and remissions, 'and in the whole of Oudh there is no balance at all.' The people who pay the Government demand in good years so regularly ought to get adequate relief by remissions of revenue, when adverse circumstances, beyond human control, have placed them in sore need of asking for such relief.

"Education."

"My Lord, the next subject of provincial importance on which I wish to make a few remarks is the condition of education in my provinces. That they have not kept pace, in educational advancement, in almost all the branches, and more particularly in Primary Education, with the other Indian provinces such as Bengal, Bombay, Madras or even the Punjab, and that they occupy a position in educational matters inferior to these provinces, are facts which cannot admit of any controversy. The Quinquennial Report of the Progress of Education in India published last year furnishes abundant proof of these facts. But it is not to any apathetic feeling in the people towards

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education, but to the want of facilities to obtain it, that these results are due. Want of funds has hitherto kept back the Local Government from establishing a sufficient number of primary schools to impart instruction to the masses. Lately Your Lordship's Government made an allotment of money to be spent on education, but that was not sufficient to remove even the immediate wants. The Local Government, in its review of the Departmental Report of Education for the last year, said as follows :—

‘The rural population is showing signs of a desire for more extended system of lower primary education of a very simple character. The Government has not the funds fully to meet that growing desire.’

“In the Budget the Government have made provision for an annual permanent grant of 35 lakhs for expenditure on Primary Education, the share of the United Provinces being 6 lakhs. This is a very welcome and timely help, but it will not suffice to fully meet the wants. The United Provinces are again unfortunate in not getting an allotment bearing an adequate proportion to the revenues contributed by them or sufficient to supply their immediate educational requirements, a treatment against which they have a just cause to demur.

“As the grant will be ear-marked for exclusive employment to purposes relating to Primary Education, there will be no funds available for the removal of equally pressing necessities in other branches. Some of the most urgently needed reforms are :—

- (1) The employment of better qualified teachers in Secondary Schools. At present boys have to commence their study of English under teachers getting Rs. 20 or Rs. 15 per mensem, with the result that they acquire a very imperfect and erroneous knowledge of English pronunciation and idioms.
- (2) The school-masters lost their privilege to pensions in the year 1886. With their meagre salaries they can scarcely save anything for their old age. In these circumstances honest and whole-hearted devotion to duty can hardly be expected of them. The Local Government has just given this privilege to the headmasters, but the concession should be extended to other tuitional staff also.
- (3) The town schools are in urgent need of decent buildings for boarding houses. In many places they are such that the Magistrate-Chairman of one of the District Boards says about them that ‘they are not fit for cattle to live in, much less boys.’
- (4) The Training College for teachers at Allahabad requires improvement in its staff.
- (5) Appointment of one or two European Inspectresses with European education and experience to direct female education; other provinces have got them.
- (6) Opening of more Normal Schools; the supply of trained teachers being very unsatisfactory and far below the demand.

“My Lord, these are some of the most pressing needs which can only be removed by more money being allotted to the United Provinces for expenditure on education.

“*Oudh Judicial Commissioner's Court.*

“My Lord, there is one matter relating to the administration of justice in the province of Oudh which deserves consideration. The highest Appellate Court of the province is at present constituted of three Judges, but only two of them are permanent. The appointment of the third Judge is of a temporary character, and sanction of the Government is required for its continuance every year. This is a state of things which, considered from every point of view, is, to say the least, very unsatisfactory. The importance and the number of the cases which come for decision before the Judicial Commissioner's

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Court, the great value of the property involved in many of them, and the income derived from the court-fees, render it incumbent on the Government to make the appointment of the third Judge permanent.

" District Boards.

"My Lord, one of the purposes to which a portion of the surplus is going to be devoted is the improvement of the financial condition of the District Boards. It is a move in the right direction. The help thus given to these bodies will place their finances on a more independent and sounder basis, and give them more extended means of effecting material improvements in all the branches of their administration. The share of the United Provinces in this allotment comes to 8 lakhs of rupees. This financial help will place the Local Government in a better position to give the District Boards more independence in financial matters, which I think that Government desire to give to them by legislation about to be introduced into the local Council.

" Municipalities.

"My Lord, the last point which I beg to urge for the consideration of Your Excellency's Government is one relating to the Municipalities of the United Provinces. Substantial help has been given to the larger Municipalities by relieving them of the full amount of the Police charges, but the smaller ones have been relieved to the extent of half only of those charges. The funds at the disposal of the latter class of municipalities are not sufficient to meet the expenses required for proper sanitation and educational purposes. It is prayed that all the Municipalities in the United Provinces may altogether be relieved from this burden, a privilege which is enjoyed by these bodies in Bengal."

The Hon'ble MAHARAJA OF DARBHANGA said :—"My Lord, the happy recurrence of a surplus year by year cannot fail to lend a cheerful touch to the comments of Members of the Council, like myself, who have no share in the work of administration and whose task upon occasions such as the present is necessarily confined to the offering of respectful congratulations and equally respectful suggestions. The former, I need hardly assure Your Excellency, are uppermost in my mind and in the minds of those whom I have the privilege to represent. But it is inevitable that the people of the country, who contribute the surplus, should feel the strongest possible interest in the manner in which it is proposed to utilize the excess of revenue over expenditure: and I have the less hesitation in venturing to submit my views upon the subject, as I have fresh and clear in my memory the assurance conveyed by Your Excellency in a previous Budget Debate that the Government of India was content to test the efficiency of its administration by the contentment of those it governed. I fully recognise the impossibility of pleasing every one, and the necessity in a country such as ours of holding an impartial and even balance between the conflicting claims of race and religion and a variety of complex considerations which it would be difficult to find elsewhere. But when we have a surplus admittedly large and to all appearances stable and an example afforded by last year's Budget that remission of taxation can be safely granted without endangering that surplus, I would submit for consideration whether it cannot be ascertained with some degree of precision what are the exact sources from whence the excess is derived, and whether the principle cannot be adopted of affording in the first instance corresponding relief in those directions. And in this connection I am encouraged by Your Excellency's frequent declarations to ask further whether it cannot be found practicable to consult the various public bodies and associations and obtain from them an expression of their views as to the quarters in which the incidence of taxation is most heavily felt. I am conscious here also that every one who wears the shoe is apt to cry out that it pinches. But it would of course be for the Government to sift and appraise at their proper value the

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recommendations and proposals that reached them. They would not in any way be committed to adopt any course of action that might be suggested: but at the same time they would enjoy the advantage of becoming acquainted with the trend and condition of public opinion. And, if I may be permitted to say so, there is a certain amount of intelligent public opinion in India which is anxious to be of loyal assistance and service to the Government and which a concession of this nature would go far to conciliate.

"Having said so much, I am bound to freely confess that the point of my criticism is completely met, as far as the present Budget is concerned, by the manner in which a large portion of the surplus has been distributed. We in Bengal have received with very great pleasure the appointment of my Hon'ble friend Mr. Baker to the Financial Membership of Your Excellency's Council: and our long personal knowledge of him and our appreciation of his many merits and good qualities have led us to anticipate the happiest results from his tenure of office. Few of us, however, expected the surprise that was in store for us. The Hon'ble Member, if I may say so, has not only made his Budget exposition as interesting as it is lucid, but he has given remissions of taxation in exactly the directions in which they were needed. His proposals have met with universal approbation, and I dare venture to say that if a plebiscite had been invited (or the nearest approach to it which India could afford) no more popular subjects could have been selected than those which have received the sanction of Your Excellency. The further reduction in the salt-tax is a boon for which thousands of the poorer classes will be sincerely grateful to Your Excellency. The raising of the half-anna limit of postage to three-quarters of a tola will appeal to a different section of the community: but it is equally appreciated. Coming as it does so soon after the reduction in telegraphic rates, it evidences practical sympathy and a wise foresight, the exhibition of which has surprised no one but has gratified all. Had these two remissions stood alone, I think we should most of us have been satisfied. But Your Excellency has gone still further. What with grants for agricultural developement and primary education, the grants to local boards, the abolition of the famine cesses in Upper India and the welcome appropriation for carrying out a portion of the reforms advocated by the Police Commission, the catalogue becomes quite bewildering. Those who believe that the people of India are heavily taxed in comparison with the people of other countries, may, and no doubt will, continue to hold those views: but they will at least have to admit that in the Budget before us today, there is sensible relief afforded and an equitable distribution of the surplus attempted.

"In reading through the Budget Statement, I was especially pleased, my Lord, to notice the enormous increase in the net profit in cash Indian revenues from Railways. The subject is one in which my interest has always been great. And on the present occasion I am the more tempted to dwell upon it, because of the latest addition to Your Excellency's Council which has been brought about by the formation of the Department of Commerce and Industry. We have all recognized that the work of organization must be entrusted to practised hands, if it is to be successfully undertaken and adequately performed; and I am only expressing the general hope when I say that I trust that the Hon'ble Mr. Hewett will not be called away to any other higher distinction until he has had time to put his department in thorough working order for the commercial expert who will, according to Your Excellency's intentions (as they have been conveyed to us) be ordinarily the holder of the portfolio. I need not enlarge upon the satisfaction with which the creation of this department has been received by all who are interested or engaged in commerce. The reform has been long awaited and is the more welcome now that it has come, because it is accompanied by the constitution of a separate and distinct Board to deal with railway questions. I am well aware, my Lord, that the Railway Board is likely to have its hands full at the outset of its career, and I have no wish to embarrass them. But now that railways are to occupy the attention of a Board of acknowledged

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experts, it may perhaps be permitted to hope that a considered scheme may be put in hand in the near future for the effecting of systematic improvements upon all the railway systems in India. I am not in a position to compare our Indian railways with those of other countries: and I shall not attempt to do so: but in common with others I have perceived from a perusal of Mr. Thomas Robertson's admirable report, that there are many respects in which comparison reveals a need for improvement. I do not for a moment suggest that nothing has been done or is being done. Only the other day I observed a letter in a weekly engineering paper, which congratulated a railway official in Burma for the consideration he had shown to third-class passengers who were no longer carried from Rangoon in open trucks like so many cattle or sheep. And in this connection, I would suggest that the admirable example set by the Oudh and Rohilkhand Railway some eighteen months ago might be generally followed. As my Hon'ble colleague, Rai Sri Ram Bahadur, reminded the Council the other day, a conference was called in December, 1903, by Mr. Burt, the manager of the Railway, for the purpose of ascertaining from the representatives of third-class passengers their 'real and reasonable wants and their inconveniences and difficulties,' and to receive from them proposals and suggestions for amelioration and alteration. I was much struck, my Lord, by the report of the proceedings which I read at the time, and especially by the introductory speech of Mr. Burt, the Manager. The conference was presided over by Mr. Hardy, the Commissioner of the Division and a former member of this Council: and the resolutions at which it arrived were as remarkable as the spirit which had called the meeting into existence. I may be pardoned if I recall some of those resolutions to public notice, for they relate to grievances which are not by any means confined to third-class travellers on the Oudh and Rohilkhand Railway. Perhaps the most important relates to the practice of using goods wagons for passenger traffic—a practice which is not as uncommon as it ought to be and which has not been discontinued in India as it appears to have been in Burma, if we may accept the statement of the correspondent to which I have just referred. I submit that it cannot be to the credit of any railway administration that it should anywhere exist. It is a truism that the backbone of the coaching traffic is the third-class passenger: and his complaint under this head is so reasonable that I cannot but feel it will not escape the early attention of the Railway Board. The reason, it is to be presumed, for this diversion of goods wagons from their legitimate use is the inadequacy of rolling stock: and hence it was that the Conference offered the further suggestion that while additional rolling stock was under construction, the goods wagons set apart for the accommodation of third-class passengers should be provided with ventilators and benches and be properly cleansed before such use. It seems strange that such obvious preliminaries should have slipped the notice of any railway authorities; and I should have hesitated to repeat the complaint if it had not been uttered in the first instance by those who had had actual experience behind them. In any case, it appears to me to require nothing more than the mere statement to insure the application of an immediate remedy. The question of latrine accommodation is closely connected with this, and I am glad to know that it is under serious consideration. The habits of the lower classes are, no doubt, a difficulty: but the difficulty is surely less than that involved in the introduction of third-class railway travelling in India at all. Then again the question of refreshment-rooms for Indian passengers and of an adequate supply of drinking water has already formed the subject-matter of discussion in Indian newspapers: and the conference at Lucknow suggested that the experiment of dining cars for Hindu and Mussulman passengers might be tried: and it proposed that in all passenger-trains arrangements should be made for carrying drinking water, in other words, that two Brahmins and one bhistee be engaged to travel with each train for the supply of water. I willingly allow that these recommendations may not be feasible especially as regards the orthodox section of the Hindu community: and it is probable that a more convenient way of meeting the wishes of the Indian travelling public can be found in the provision of properly equipped refreshment rooms at the

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important stations. And at the stations also there is another improvement which in my humble judgment is urgently called for. Proper waiting rooms with adequate lights and seats should be provided for third-class passengers, in place of the corrugated iron sheds exposed to the inclemencies of the weather, which too often are all that are to be found. Other requirements might be enumerated, but I have no wish to trespass upon the time of the Council. I have ventured to call attention to what I deem to be the more important, and I will only add one more observation in the nature of an appeal to the Government to encourage the holding of these public conferences by each important railway system from time to time. Nothing but good can come out of them: and they possess the additional advantage of keeping before the railway authorities the needs of a class whose influence upon the annual balance-sheet happens to be in inverse ratio to their ability and power to represent their grievances under ordinary circumstances.

"In this connection, I would further suggest that the discussions at these conferences should embrace the requirement of the whole passenger traffic and not of third-class passengers alone: and that a central conference might be arranged, at which not only Railway representatives should attend, but delegates also from leading public bodies and associations.

"My Lord, I pass on to another topic of cognate interest and with an equal claim for consideration. Your Excellency at the banquet given to the delegates from the associated Chambers of Commerce, referred, not for the first time, to the unwillingness of the Indian community as a body to put their money into commercial enterprise. I do not for a moment presume to dispute the accuracy of the fact so stated; but I can assure Your Excellency that there is plenty of money available: and the Indian capitalist's unwillingness would be largely overcome, if he can be convinced that his money is required for investment and not for speculation. An appreciable impetus would be given to the opening out of the country by the development of railways undertaken by private enterprise, if the Railway Board could see its way to formulating a scheme for the guaranteeing of interest. If this can be done, the money will be readily forthcoming. As matters now stand, it is Indian capital which controls the entire internal financing of the country. It is Indian capital which grows and brings to market the crops. There is no reluctance in that direction to embark upon industrial enterprise. In the presidency-towns the situation is admittedly somewhat different: but the example set by the flourishing conditions of the many light railway undertakings in which the interest is guaranteed by the Local Board concerned, may be not unreasonably taken to indicate that it is by this means and this means alone that the co-operation of Indian capital may be induced in other directions. My Lord, while I am upon the subject of railways and railway development, I would ask permission to say a word or two upon the question of the provision of a central station for Calcutta. The project is one of which nothing has been heard for some little time, but I venture to say that the need for it has not diminished. And it has, I submit, acquired additional importance from the fact that a comprehensive scheme for the improvement of Calcutta is in contemplation. Side by side with the opening up of Burra Bazar may well march the construction of a central station and a permanent bridge across the Hooghly. It has been estimated, I believe, that the cost of a central station and a permanent bridge will not be less than a crore and a half of rupees: and the question naturally at once arises as to the ways and means by which the interest upon this large sum is to be provided. The tea and the jute industries are strongly opposed to a terminal charge: and coal comes over the Jubilee Bridge. From what source then are the interest charges to be obtained? I venture to suggest one, and with the more confidence because I find it has occurred also to my esteemed friend Sir Patrick Playfair, who accorded to its discussion some prominence in his remarks at the Chamber of Commerce a few weeks ago. The surplus of the East Indian Railway has gone to the Government for the past five years or more: and if I may be permitted a rough estimate, I should put the amount at not less than a million sterling. I would respectfully submit that the Government

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should forego this and appropriate it to the development of the railway systems which converge upon Calcutta. There can be no disguising the fact that existing railway rates are regarded as unduly high: but this will be borne with more equanimity if the surplus so obtained is, in the sense I have indicated, handed back to those from whom it is in the first instance taken. But it is a question whether the rates cannot be reduced and the high rate of surplus be still maintained by reason of the increased traffic which would be the result not only of the reduction but of the improvement in communication that are effected.

"My Lord, I now beg permission to advert to a subject which I can assure Your Excellency has been much discussed. Over one million sterling has been adjudged to be payable by India in connection with the Tibetan Expedition: and it has been understood that India stands to benefit largely as the result of that expenditure. I do not know, my Lord, if I am asking for information which cannot be made public; but a statement of the exact commercial advantages India has gained by the treaty of Lhasa would be most acceptable to all those who are interested in trade development. As far as the public are aware, the Tibetans under the former Commercial Treaty possessed the right to exact a customs-duty on Indian tea not greater than that levied by Great Britain herself. Has that restriction been removed, and the importation of Indian tea into Tibet placed upon the same footing as that of China tea, which, it is understood, is subject to no such duty restrictions? Upon the general question also, there is a considerable amount of curiosity with regard to the actual commercial prospects which the Expedition has opened out. The Secretary of State for India has told the House of Commons that the cost of the Expedition properly falls upon the Indian taxpayer, as it has been undertaken in his interest. Indians and Anglo-Indians alike have no desire to dispute this proposition: they are anxious to avail themselves of the advantages they have derived or are likely to derive: but if I may add the observation, there is a feeling among them that if imperial interests have at all been served, there should be an apportionment of the cost accordingly and a relief to the Indian Exchequer to correspond with the Imperial aspect of the case. Your Excellency has always shown so jealous a regard for Indian matters such as these that the public sentiment upon this point is not without hope of support and encouragement from Your Excellency's Government.

"My Lord, I recognise fully that the information which is at the disposal of non-official Members gives them neither capacity nor authority to comment upon questions of foreign policy. I shall, therefore, offer no further observations under that head, beyond assuring Your Excellency that my references to the Tibetan Expedition are made solely from the commercial point of view and with a desire to learn if some portion of the burden it has imposed cannot be taken from our shoulders. There are so many schemes of development and reorganization which are awaiting attention that the feeling is only natural which prompts the wish to have all the available means at the disposal of Government for their efficient accomplishment.

"Prominent among these schemes I may be permitted, my Lord, to name the proposals for the reform of the Police and the Calcutta Improvement scheme.

"As one to whom the honor was accorded, my Lord, of appointment upon the Police Commission, I trust I may be allowed to thank Your Excellency for the ready and generous acceptance which the recommendations of the Commission have met from Government. In the main I feel myself throughout to be in hearty agreement with my colleagues and rejoice to find that a beginning is being so promptly made with the work of reorganization, and that the promise is held out of a systematic continuance of it until completion. But I trust it will not be taken amiss if I repeat most respectfully the regret expressed by me in my minute of dissent to the Report, that it has been found necessary to close the doors of the new Imperial Police Service to Indians and to relegate them to a Provincial Service under the designation of Deputy Superintendents of Police. I am sorry to say, my Lord, that I regard this as a mistake; and the view is, I know, largely shared by very many of my countrymen.

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I will not reproduce the arguments which I have marshalled in my minute of dissent : and will only venture to say that much of the dissatisfaction which is felt will, I am sure, be allayed if a modification of the scheme now sanctioned can be looked for in the near future. Indians are eligible for the Indian Civil Service and the Indian Medical Service and fill some of the highest positions therein with credit and distinction. We have had from Your Excellency's own lips a cordial appreciation of the ability and integrity of the Indian gentlemen who so worthily sit upon the Benches of the Presidency High Courts. And educated Indians would be glad, my Lord, to feel that the bar now set against their entrance into the higher ranks of the Police Service is not intended to be permanent. Where opportunities have been given them elsewhere they have proved themselves worthy. I take leave most respectfully to assure Your Excellency that if an opportunity is given to them here also they will not be found wanting.

"To the second matter discussed in my note I should like, my Lord, to make the briefest possible reference. Your Excellency has had before you since 1898 a memorial signed by a number of distinguished Anglo-Indian ex-officials in which the separation of the Executive and Judicial functions is prayed for. As far as the public is aware, Your Excellency has not yet come to a decision upon the subject. The reform is so influentially advocated and will be so acceptable to a large section of Indian public opinion that I trust I am not going outside my province when I beg of Your Excellency to give the matter a favourable consideration. I have ventured in my note of dissent to indicate the methods in which in my humble judgment the reform can be carried out. We do not ask for its universal introduction throughout India, but we pray Your Excellency to permit its adoption in certain carefully selected districts in the more settled portions of Bengal, Madras and Bombay.

"My Lord, I will say no more upon this head, but proceed to submit for Your Excellency's consideration certain observations which the public feeling upon the proposed Calcutta Improvement scheme emboldens me to make. It is understood that the scheme has received the sanction of the Secretary of State and that the details are now under discussion between Your Excellency's Government and that of His Honour the Lieutenant-Governor of Bengal. I need perhaps hardly say that the disclosure of the proposals is awaited with the keenest interest in Calcutta. As far as the details are concerned with the particular thoroughfares which are to be dealt with, I beg to assure Your Excellency that reticence is felt to be the most appropriate and most admirable course to pursue. But I venture to add that by far the greater curiosity has been excited by speculation as to the organisation by which the improvements are to be carried out, and the methods by which the interest on the capital expenditure will be met. May I respectfully express the hope that the Calcutta Corporation and other public bodies may be consulted upon these matters before any definite decision is arrived at, and if the rate-payers are to provide the major portion of the interest charged they respectfully submit that their representatives should be permitted to place their views before Government while there is yet time and opportunity.

"I have only a very words to add, my Lord, before I bring my remarks to a conclusion. It is not necessary for me to enlarge upon the loyal feelings which have been evoked by the announcement of the approaching visit to India of Their Royal Highnesses the Prince and Princess of Wales. But may I be allowed to say that the pleasure is enhanced by the thought that while Your Excellency's first tenure of office was signalized by the Coronation Durbar at Delhi, the second should be commemorated by an event equally auspicious and equally memorable ?

"The present session, my Lord, has been uneventful, but it has not prevented the maturing of those schemes for the internal development of the country in which Your Excellency's interest has been so thorough and so practical. In a few days Your Excellency will be laying the foundation stone of the Agricultural College at Pusa, and the hope is universal that this will mark the commencement

[*The Maharaja of Darbhanga; Rai Bahadur Bipin Krishna Bose.*]

of a new era in the history of Indian agriculture. I can sincerely assure Your Excellency that all those who are concerned in the land, whether as land-owners or cultivators, are exceedingly grateful for what you have done for us in this connection. It is a noble work and bids fair to be for ever associated with Your Excellency's administration of the Government of India."

The Hon'ble RAI BAHADUR BIPIN KRISHNA BOSE said:—"My Lord, I beg to add my voice to the chorus of approval which the Financial Statement, especially that part of it which relates to the measures dealing with the application of the surplus, has generally evoked. The hopes entertained when the duty on salt was reduced two years ago that this would be responded to by an increased consumption have happily been realized, and as a result of the further reduction now determined upon one may reasonably count upon a still further growth of consumption. The abolition of the famine insurance cesses will give great satisfaction not only because of its actual effect in lightening the burdens on land, but no less so as evidencing a practical recognition of the superior claims of the landholding and agricultural classes for a liberal treatment. So far as the Central Provinces are concerned, the benefits of this measure will reach the actual tillers of the soil, in the case of the privileged tenants directly and in the case of non-privileged tenants indirectly, through a proportionate abatement of their rents either at the next settlement or at a revision by the Revenue officer. The assignment of 35 lakhs to Provincial Governments for expenditure on primary education will be a most welcome addition to the funds now available for this most important branch of public instruction and will enable some much-needed reforms to be introduced. I may refer especially to one of them, namely, the pay of teachers and monitors in the rural schools in my Province. Great many of them now receive salaries which would be rejected by work-people in a town, for instance, like Nagpur. The proposed grants-in-aid to the District and Local Boards will much strengthen the finances of these local bodies and enhance their usefulness. At the annual Budget meetings I have times without number seen members come with carefully prepared lists of works of public utility within their respective jurisdictions, which, however, are unceremoniously rejected for want of funds. Besides leading to abandonment of many necessary reforms, this procedure, repeated year after year, has naturally a most chilling effect on the members, who gradually slacken in their zeal and cease to take an abiding interest in their duties, when they see that outside the prescribed groove and beyond certain fixed limits, no works of improvement, however important or urgent, could be taken in hand for want of necessary ways and means. The policy underlying this measure will thus prove beneficial not only in its direct effect in accelerating the pace of progress, but its indirect effect in maintaining among the members a spirit of active interest in their work will be no less beneficial.

"In the face of these measures, every one of which will, directly or indirectly, benefit the great agricultural community, it may seem somewhat ungracious to suggest further concessions on their behalf. If, however, I do so, it is not with a view to press for grant of such concessions at the present moment, but with the object of indicating how, in the event of any further permanent improvement in the finances taking place in the future, this most important class, constituting as it does so overwhelming a proportion of the entire population of the Empire, may, in my humble judgment, be best made to share in the benefits of such improvement with the greatest advantage to themselves and to the country at large, which cannot prosper unless they prosper. I refer to a reduction of the maximum limit within which the State demand is adjusted at every revision of settlement. It is sometimes said that the Government revenue absorbs so small a portion of the gross produce that any reduction in the assessment would be hardly appreciated. I venture to submit that in the special circumstances of the Indian agricultural community such is not the case. The Government demand is fixed by a

[*Rai Bahadur Bipin Krishna Bose.*]

system of elaborate estimates of average yields in average years and by forecasting the probable selling prices of produce for a term of years, whereby a guess is obtained at the gross value of an average crop. The demand is then fixed at a certain percentage of this value, and the assessment thus fixed must ordinarily be punctually paid on fixed dates. The advantage to the agriculturists from this scientific system is discounted by several disturbing elements. In the first place, agriculture by its nature is subject to vicissitudes far greater than those attending most other industrial enterprises. In trade and manufacture, success depends in a great measure on sagacity and prudence. In the case of agriculture, however, the least aberration in the weather conditions may mar the results of highest prudence and of most economical use of capital. Witness the lamentable damage to the *rabi* in tracts over which the recent cold wave passed. Thus the crops vary from *nil* to bumpers, but, unless specially remitted or suspended, the revenue must be paid, crop or no crop, on due dates. Then again the revenue-payers are, speaking generally, in poor circumstances, possessed of little or no reserve which they can fall back upon in case of need. Thus a certain portion of the produce has to be sold at all hazards to pay the rent or revenue on or before a fixed date. And this, what is practically a compulsory sale, takes place at a time when all the produce of the country is brought to the market and when consequently the prices are at their lowest. The agriculturist can neither wait nor dictate his own terms. Further it is a fact, which is now noticed in almost all advanced tracts not served by irrigation systems, that the soil is undergoing a slow but certain deterioration. But while the outturn shows no sign of improvement, the number of mouths to be fed has a tendency to increase and, but for the checks from recent famines and the plague, would have largely increased. In fact, so far from the aggregate outturn increasing, there is a general complaint that the best lands are getting exhausted by over-cropping and neglect of fallows. Thus, however moderate the State demand according to the scientific standard of the Settlement Department, and however skilfully it may be adjusted, the natural forces at work have a tendency to make that demand more and more burdensome. Any relaxation therefore, however slight, of this pressure of the unvarying State landlord's share cannot fail to give relief.

"The substantial sum of 20 lakhs has been set apart for initiating a large scheme of agricultural research, experiment and instruction. In connection with this subject I may take the liberty to draw attention to one or two facts, which have an important bearing on the question of utilization of the measures of improvements which are either in progress or in contemplation. In most of the advanced tracts the available good lands are nearly all occupied. The produce of the country in an average year is, after meeting the liabilities in connection with what are known as the Home charges, barely sufficient to maintain the population and leave a surplus for occasional failure of crops. It is unsafe and undesirable to break up more of the uncultivated poor lands, first because they cannot, under ordinary circumstances, be made to pay, and secondly because the diminution of pasture thereby caused is calculated to affect injuriously the number and quality of plough-cattle for an increasing area of cultivation. Then again, under the exigencies of the village economic situation, the agriculturists are compelled to utilise as fuel cattle-droppings, which from time immemorial have formed the most valuable item of manure for their lands. Thus the present agricultural system may be said to be to eat or to sell with a view to meet liabilities every article the land yields, to use the manure of cattle as fuel, and to return nothing to the soil in any proportion to that which is taken away from it. The consequence is that our agriculture has, except in a few specially favoured tracts, under the stress of inexorable economic causes, become simply a process of exhaustion. And an exhausting agriculture and an increasing population must in the long run bring about a dead-lock. The spread of a knowledge of improved methods of agriculture must of course be the first step towards checking and remedying this deterioration of

[*Rai Bahadur Bipin Krishna Bose ; Nawab Saiyid Muhammad.*]

the soil. Before, however, the knowledge thus acquired can be put to use, the agriculturists must have sufficient funds. In many parts of the country the actual tillers of the soil live a hand-to-mouth life and have little or no resources of their own, which could be used to improve their system of cultivation. They must therefore borrow. It is not every borrowing which is harmful. If one borrows say at 9 per cent. and is able to earn 12 per cent. extra profit from his cultivation by the use of his borrowed capital, he does not lose but actually gain by the process. Indebtedness is a source of danger and mischief when either the terms are such as eat up the legitimate profits of the borrower's own labour and capital or when borrowing is not for cultivation but is the result of improvidence or seasonal disasters. Thus the success of the co-operative credit societies which are being introduced is all-important. If they be established in sufficiently large numbers and be adequately supplied with funds to meet the needs of agriculture, the problem of agricultural improvement will be solved. It may not be out of place to mention here that one potent cause of deterioration of cotton is want of manure. If cotton lands could be adequately manured, new life would be given to them and the outturn, even with the present inferior seeds, would improve both in quantity and quality. In fact in the case of cotton land irrigation is out of the question, and manure is the chief thing that is needed to increase and improve its produce.

"Last year the question of employment of Indians in the public services was dealt with by Your Excellency with some fulness. In view of what was then said I feel bound to refer to the recent notification of the Secretary of State inviting candidates for eleven vacancies to be filled up during the year in the Public Works Department. The Indians are expressly excluded. Until recent years, any Indian, who could afford the money and was prepared to run the risk, could compete for such appointments by entering the Royal Engineering College at Cooper's Hill. Latterly the number of appointments open to Indians through this channel was limited to two, but now there is an absolute bar. As far as I am aware, there has been no corresponding compensating increase in the number of appointments which could be secured by successful students of the Engineering Colleges in India, nor has it been asserted that the Indians, who have hitherto been appointed Assistant and Executive Engineers, have as a class discovered any such defect of character or want of professional ability as would justify any curtailment of the privileges the Indians have up till now enjoyed in this matter. I am constrained therefore to characterise the policy which has dictated the notification as one not of progress but of retrogression in the matter of employment of Indians in the public services, and as such it is to be regretted."

The Hon'ble NAWAB SAIYID MUHAMMAD said :—"My Lord, I desire to be permitted to congratulate the Government unreservedly, and in particular the Hon'ble the Finance Member, inasmuch as this is his first Budget, upon the Financial Statement now before the Council. The Hon'ble the Finance Member is to be congratulated not only on the eminently satisfactory character of the Statement, but also for his clear and lucid presentation. I think it will be recognised on all hands that the Statement presented this year to the Council is memorable for the statesmanlike manner in which the large available surplus is to be utilised and the ample provision made for new schemes during the next financial year. Of special significance and of direct benefit to the mass of the population is the announcement of a further reduction, in India, of eight annas a maund, of the salt-tax. This makes the second reduction in the salt-tax within a comparatively brief period, both reductions having been made by Your Lordship's Government. In the year following the first reduction of the salt-tax the late Finance Member stated that the principal consumer of salt, the poor man who takes salt from the bania by the dole and cannot afford to buy it by the weight, had not been appreciably benefited by the reduction in the tax, or, at any rate, there was no satisfactory evidence to that effect. Now that another eight annas have been taken off and the tax reduced from Rs. 2-8-0 to Re. 1-8-0 a maund, the benefit must reach the smallest consumer. Looking at the immediate surrender of revenue, the wisdom of

[*Nawab Saiyid Muhammad ; Mr. Cable.*]

budgeting for a decrease under this head cannot be questioned. At the same time, having in view the fact that the revised estimates of the year about to close show the salt-revenue very much better than the Budget estimate of last year, it may be hoped with some confidence that the elasticity of this item of income will be helped by the stimulus to increased consumption, and the revised estimates at the end of the coming year will be as satisfactory as they have been in 1904-1905. The healthy expansion of the salt-revenue is still capable of considerable development.

"All the seven objects to which it has been decided to apply the surplus have been well and wisely chosen. The abolition of famine-cesses in certain provinces would be welcomed as a great relief, and the postal facility by which the weight of a letter has been raised from a half to three-quarters of a tola for a half-anna stamp will certainly be largely appreciated. With regard to the addition to permanent recurring expenditure attendant on giving effect to the recommendations of the Police Commission, it is particularly gratifying to find that Your Lordship's Government propose to begin at the right end, and provision has been first made for increasing the pay of the rank and file of the police force and sub-inspectors. The permanent grant to Provincial Governments for the expansion and improvement of primary education will also be approved throughout the country. The sum set apart for agricultural experiments, etc., is also a wise provision. The decision to make a large grant-in-aid of the funds of all District and Local Boards throughout India will doubtless be appreciated by Provincial Governments and the Boards concerned.

"The most satisfactory proof of financial prosperity is the fact that in spite of the heavy demands upon the revenue the Hon'ble the Finance Member has been able to estimate for a surplus. As has been shown, this surplus would have proved to be the largest on record but for the enormous expenditure necessitated by the scheme for the redistribution and reorganisation of the army. In this connection, I cannot help remarking that the whole cost of the Tibet Expedition has been charged to Indian revenue. As this matter is unquestionably of an imperial character, part of the cost, at all events, should have been borne by the British Treasury.

"I gratefully note that provision has been made for the relief of the distress now prevailing in the Madras Presidency; but I would venture to submit that it is inadequate to meet the demands of the situation.

"My Lord, it is unnecessary for me to take up the time of the Council with any lengthy remarks on this occasion, since we are agreed on the gratifying character of the Financial Statement and the wisdom therein displayed in regard to the financial policy of Your Lordship's Government."

The Hon'ble Mr. CABLE said:—"My Lord, I am glad to associate myself with the hearty congratulations which have been showered upon the Hon'ble Member on what cannot be regarded otherwise than as one of the most successful Budgets of recent years. To be able at one and the same time not only largely to diminish taxation, but also to increase expenditure on works of public utility is a feat of which any Finance Minister may well be proud. Yet that is what the Hon'ble Member has accomplished, and the fact of his being in a position to do so is a clear indication of the great and welcome change which has of late come over the financial situation of this country. For that change, we are, I think, very deeply indebted to the wise guidance of our finances and of the country generally during the last few years, supplemented by that wonderful power of recuperation which India seems always to possess. Surpluses may now be regarded as the rule rather than the exception; and their existence opens up before us a new set of problems perhaps no less difficult of solution than were those arising from deficits. It was, I believe, Sir Michael Hicks Beach who said that he always found it an easier task to impose a burden on the consumer than to relieve him by removing one. And although it seems almost ungracious to criticise the very evident efforts of

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the Government to distribute the surplus with a view not only to the alleviation of the burdens of the masses, but also to an improvement in their conditions of life, one is tempted to ask if Sir Michael Hicks Beach's remark is not applicable to the reduction of the salt-tax. I have often wondered if it really is a fact that the reduction does have the effect of lowering the prices paid by the poorest class of consumers. I am glad to have the views today of Nawab Saiyid Muhammad, but the information which I have been able to gather leaves me in doubt on the point, although of course I know that every reduction has been followed by a growth in consumption. But then taxes are only reduced when the country is prosperous; and it may be that the increased prosperity of the masses at that time is to a large extent responsible for their consuming more salt. Should there be any truth in this, and should it be a fact that the reduction benefits only the middleman, then it cannot be regarded otherwise than as a waste of revenue; for the middleman in this country is the very last person who requires to be, or who ought to be, assisted. And if that is the case, I must say that it would have been better to have applied that portion of the surplus to the strengthening of our reserves.

"I agree with previous speakers that the handsome grant made towards the development of agricultural research, demonstration and instruction, will be a source of considerable gratification to the public. So much has been said upon the subject of agriculture of late by those more competent to deal with it than I am, that it would be useless for me to take up the time of the Council by discussing it. But everyone will welcome the scheme outlined by the Hon'ble Member, for all are alive to the undoubted fact that in India agriculture is at present at all events the paramount issue. The postage reduction which the Hon'ble Member has made is a useful concession; and possibly in his next Budget he may be able to make it still more useful by taking it a little further. The present is not perhaps an inappropriate occasion to enquire from the Hon'ble Member for Commerce and Industry if any progress is being made towards the introduction of the unified postage and revenue stamp. It would also be interesting to learn whether he contemplates any further reductions in telegraph rates.

"It is not my intention, my Lord, to refer to all the items to which the surplus has been devoted. But there are one or two other points in the Financial Statement upon which I should like to comment. There has been some discussion of late upon a proposal for the establishment by the State of a liquid gold reserve, apart from and in addition to the gold held in the currency reserve. The Hon'ble Member regards the proposal as one of academic interest only: with that I agree, and that being so, the present is obviously the right time to discuss it; for to delay its consideration until that stage is past might be to delay too long. We are not likely to be able to accumulate gold in times of crisis. That is my excuse for bringing the question to the notice of the Hon'ble Member; and it must also be remembered that the investment of public funds is always a matter of public concern. We may have, as he rightly points out, ample gold, in the ten millions of the currency reserve, to give security against any ordinary commercial crisis. But the object of holding a portion of the special Gold Reserve Fund in gold would be something beyond merely the maintenance of the balance of trade, important though that may be. The point I wish to drive home is that at times of international complication and crisis, the possession by India of a stock of gold bullion would be a great bulwark of safety. It would obviate the possible necessity of our being forced to sell securities just at that particular time when those securities might be very greatly depreciated in value. Gold, on the other hand, always appreciates in value at such times. We know that the gold reserve held by the Bank of England is generally recognized to be lower than it ought to be; and there is a feeling that the British Empire is attempting too much all over the world on an insufficient stock of gold. Moreover, Great Britain has now entered into an alliance with another Power, and thus runs a greater risk of becoming involved in international complications. There is consequently a greater chance of the occurrence of periods when the realisation of Consols at profitable rates will be difficult. The present is not,

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I know, a very opportune time to quote the example of Russia in financial matters. But if I may judge from a somewhat remarkable article in one of the monthly reviews, it would certainly appear that Russia's financial system would long since have tumbled down, but for the unbounded faith of Continental bankers and financiers in her enormous gold cash reserve. The political and financial effect of that great aggregation of gold has been, we are told, miraculous. Far be it from me to suggest that India should ever attempt to go the length to which Russia has gone in hoarding gold. But the lesson of Russia teaches us that the advantages of a large bullion holding, legitimately accumulated, are incalculable. I agree entirely with the Hon'ble Member that the question is not one of urgency. But it is eminently worthy of consideration. Let me put the following concrete proposal to the Hon'ble Member, and invite his criticism on it, namely, that one-half of any surplus over ten millions in the Special Gold Reserve should be held in approved securities, perhaps other than British, and the other half in gold bullion.

"Turning to the rupee debt, it is, as the Hon'ble Member remarks, by no means a matter of regret that rupee paper is being gradually retransferred from England to India. On the contrary, it is an advantage that the people of this country should be large and increasing investors in Government loans. But should it be decided again to attempt to induce the London Stock Exchange to give quotations for pieces of Rs. 1,500—which is now the equivalent of £100—I believe that if the Hon'ble Member were to invite the co-operation of the Exchange Banks, who are the principal operators, they might be able to give him substantial aid.

"The decision of the Government to maintain in India a reserve of silver bullion sufficient to keep the mints occupied for about a month will give general satisfaction; as will also the announcement that it is not intended at present to interfere with the rules, issued in 1899, regarding the treatment of light weight rupees.

"My Lord, I feel that as the mercantile representative on this Council I cannot allow the present occasion to pass without expressing the satisfaction, with which the commercial community throughout India have witnessed the establishment of the new Department of Commerce and Industry. We rejoice to think that the commercial interests of this country are now to be encouraged and developed by a new and vigorous branch of the Government under the able guidance and control of the Hon'ble Mr. Hewett. At the same time we are not unmindful of the signal services which have been rendered to Indian commerce in the past by the Department in whose charge commercial matters have hitherto rested. And I am sure that the whole mercantile community would wish me to take this opportunity of placing on record their high appreciation of the value of those services. For the change which has been made had, I think, become of vital importance, not so much because of the shortcomings of the old system, but because of the increasing importance and growing complexity of our industrial and commercial problems. This new and significant departure, in advance, as Your Excellency lately reminded us, of the United Kingdom, may, I trust, be regarded as an indication that the present Government are keenly alive to the urgent need for co-operation between the State and the people in the development of the resources of the Indian Empire. We should never forget that our Indian industries have to face the sharpest competition from the West. Great Britain is perhaps, of all our competitors, the most to be feared. Her highly perfected industrial facilities, her abundant supply of cheap capital, and her mercantile fleets ready to distribute her goods throughout the world at almost nominal rates of freight, give her a virtual monopoly against which Indian private enterprise may strive in vain. We know the measures which foreign countries have adopted to defend their home industries against the power of that monopoly. I have no intention of even hinting that India should seek to follow the example of those nations, but I do think that it is the imperative duty of the Government to give every possible assistance, short of positive protection, to our nascent Indian industries. Much could no doubt be done by experiments under State control, and by making public, not only the

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results of such experiments, but also the prospects of any new industries which they may show to be possible. Other methods of affording State aid, suited to special cases, might also be devised; and much may, I believe, be learned from the example of Canada in this respect. At all events, every legitimate means should be taken by the new Department to encourage and promote the great interests committed to its charge. For the stress of competition and the growing complexity of industrial life have rendered inevitable the intrusion of the State in spheres of work wherein it formerly took no part.

"My Lord, it is, I think, unquestionable that the most important organisation connected with the new Department is the Railway Board; and the public, as the Hon'ble Maharaja of Darbhanga has already said, are looking forward with a considerable degree of interest to a pronouncement by the Board of its policy, particularly as regards the basis or scheme upon which improvements in and extensions of railway communications should be carried out in the future. It will be, I imagine, among the functions of the Railway Board to overcome such difficulties as are constantly occurring on the East Indian Railway in regard to the coal traffic; and to provide against anomalies such as that which has just been removed by an agreement between the East Indian and the Bengal-Nagpur Railways. But their first duty in order of importance will be, I trust, the sympathetic adjustment of railway rates. About twelve months ago at the annual meeting of our Chamber of Commerce I hazarded the opinion that the time was not far distant when, in calculating Indian railway rates, we should have to bear in mind the cost of transportation in countries competing with us in the world's markets. I am glad to notice that this view is confirmed by Mr. Neville Priestley in his able and exhaustive report on American railways. Indeed, Mr. Priestley goes further, and connects the violent fluctuations in the Indian wheat trade with the fact that the grain rates from Delhi to the seaboard have remained unaltered for the last fifteen years. And one is tempted to enquire in passing to what extent the cast iron rule of maxima and minima mileage rates is responsible for this peculiar state of affairs. Mr. Priestly makes another assertion, with which I am also disposed to agree, *viz.*, that the present prosperity of the United States is to no small extent due to the low rates charged for transportation. This prosperity has, he says, reflected itself in an enhancement of wages all round which, in its turn, has increased consumption and consequently production. We have it also on Mr. Priestley's authority that, judged as a whole, railway rates for goods traffic are lower in America than in any other country in the world, India not excepted; and this, notwithstanding the fact that American railways are weighted down by their enormous debenture and similar stock, upon which high rates of interest have to be paid. There can be no doubt therefore that there is a very considerable margin for reduction in India, especially in view of the fact that last year the net cash profits made by our railways aggregated £2,254,500.

"My Lord, it seems to me that the time has come when we must decide to adopt a more definite railway policy than we have hitherto followed. Either our terms must be sufficiently liberal to attract capital for the construction of new lines; or the Government must itself be prepared to undertake the gigantic task of themselves making and working the railways of India. Public opinion will be always divided, I suppose, upon the question of whether railway communication should be entrusted to the State or to private enterprise. It is needless for me to repeat in this place the advantages and disadvantages attaching to either method. Though for myself I willingly admit that there is much to be said in favour of State railways in a country such as India. But if the construction and working of railways by the State be adopted as a definite policy, it should be understood that rates of freight will be sufficiently low to ensure the fullest development of the resources of the country; and that all necessary new lines will be promptly undertaken.* To my mind the progress of the country depends very largely upon its transport facilities; and if the Government undertake the entire responsibility of the country's railways, they should not hesitate to borrow largely in order to ensure that those facilities do not lag behind requirements,

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I have already said that the net cash profits for the year are estimated at £2½ millions. That very large surplus remains, it must be observed, after every item which can possibly be charged against the account has been deducted. Among the deducted items are included the annuity charges for the purchase of the old guaranteed lines, amounting to the large sum of £3,013,000. The payment of those charges from profits is another instance of that policy the wisdom of which I ventured to question in my speech on last year's Budget. I mean the policy of debiting capital expenditure to revenue. The Egyptian Government are, I know, aiding the development of Egypt by the same method. But, as Lord Cromer remarks in his Report for 1903, it is open to the objection that the present generation of taxpayers is bearing the burden of remunerative expenditure, a portion of which might be legitimately borne by posterity. Persistence in the policy seems to me to argue a certain want of faith in the continuance of the prosperity of India; and besides, my Lord, I do not see why we should liquidate the just liabilities of posterity. The profits made by our railways should not, I maintain, be disposed of in this way. One of the pernicious results of such a treatment of accounts is that the apparent profits on our Railways are much less than the real profits. Consequently, Indian railways do not appear, in the eyes of the English capitalist, to be so attractive an investment as in reality they are; which is of course unfortunate at a time when we are trying to induce British capital to flow in this direction. Nor should the profits be regarded as being in the same category as the proceeds of taxation of the country. They should rather be looked upon first of all as collateral security against loans for the construction of new lines. As an instance of what I mean, I would point out that the net receipts for the current year after debiting all legitimate interest chargeable are estimated at practically £5 millions in round figures. That amount capitalised roughly represents at least £125 millions. It must not be supposed that I am suggesting that an attempt should be made to borrow such an enormous sum at once, but I cannot help comparing it with the dole of £8½ millions which has been granted towards railway construction during the coming year. More liberal expenditure on improving open lines should also be one of the primary charges against the net receipts. I have already mentioned rates, and it may be objected that while I am proposing to borrow against profits, I am at the same time proposing to diminish profits by lowering the tariffs. My answer is that what has occurred in America would certainly take place here also. The railway revenue would tend to expand rather than to contract, because the increase in the volume of traffic would more than counterbalance the reduction in rates, leaving out of all consideration the enormous impetus to trade and the resulting general prosperity, and I rejoice to hear from my Hon'ble friend the Maharaja of Darbhanga that Indian capital may be expected to take its share in these much-needed railway developments.

"With regard to His Highness's remarks on the subject of a new bridge, I would support him in his remarks, and upon other grounds, for I would point out that we are now dependent upon one bridge only for the transport of the great bulk of our traffic from the West. The result of a serious accident to that one bridge would have an appalling effect upon the trade of the port.

"In the fiscal controversy now in progress at home we observe an increasing number of references to this country. But we look in vain for any practical suggestions under which India could join in the proposed new departure. On the contrary, it is becoming increasingly evident that the policy so clearly and firmly enunciated in Your Excellency's despatch of 22nd October 1903 is the right policy for this country to adopt, namely, full liberty for India to trade with the whole world upon such terms as may suit her best, and to develop her industrial resources unfettered by engagements with other countries. Our maxim should be to sell all we can, and to buy only what we must. I cannot leave the fiscal question without making a few remarks upon the excessive import-duty now levied upon tea in the United Kingdom, although the subject has been so exhaustively discussed of late that it is difficult to say anything

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new regarding it. But we may, I think, derive some satisfaction from knowing that the Secretary of State now realises that part of the duty is paid by the producer. There is not much doubt on the point, seeing that when the duty stood at 6*d.* per lb., consumption fluctuated between 6·16 lbs. and 6·03 lbs. per head; and that when it was raised to 8*d.*, consumption dropped to 5·99 lbs. per head and wholesale prices also fell. Perhaps other causes helped to bring about this result. But we are, I consider, amply justified in concluding that the eight-penny duty was one of the main causes. And we may go further and say with confidence that by the operation of the duty the whole province of Assam, including the very large number of labourers employed on the tea estates, has been prejudicially affected. The tax, falling as it admittedly does upon producers, presents a curious spectacle. For while the Government of India have abstained from levying income-tax on the tea industry because it is an agricultural pursuit, the Imperial Government are actually taxing the producer here for their own purposes. I have been much struck by some figures which I have obtained recently in this connection. During the months May to October last year, the duty payments on tea imported into the United Kingdom amounted to 3,67 lakhs of rupees. And as the imports during the other half of the season are generally heavier, I may safely assume that the total duty payments for the twelve months will considerably exceed 7 crores. Now during the financial year 1903-04 France, Germany, Italy and the United States levied, in the way of customs-duties, upon the whole of our exports to them, not more than 3,83 lakhs of rupees; these figures do not include reshipments from the United Kingdom to the Continent, but these will not materially affect the position. It is therefore evident that on one of our commodities England levies from us practically double the amount taken by those four great protectionist countries on our whole export trade with them. This is, I think, a somewhat remarkable fact, which would seem to indicate that, in fiscal matters at any rate, the foreigner is, to put it mildly, quite as good a friend to us as is the mother country. The foregoing considerations have a certain bearing upon the Fiscal Question, and of our relations towards foreign countries in that regard.

"At the Bengal Chamber of Commerce dinner, which Your Excellency honoured with your presence two years ago, you said, with reference to finance, that 'Other channels of investment outside India are being filled up, and a time must soon come when the current of British capital, extruded from the banks between which it has long been content to meander, will want to pour over into fresh channels, and will, by the law of economic gravitation, find its way to India.' At that time the development of Egypt was proceeding, apace, and Your Excellency's prediction that the stream of British capital would soon overflow into other countries appeared to be a somewhat bold prophecy. But we now see that the condition of affairs in both South Africa and Egypt is assuming, although perhaps slowly, the aspect which Your Excellency then foreshadowed. In Egypt the conclusion of a friendly arrangement with France, while it has promoted public confidence, has also set free the resources of the Government for the execution of large public works which had been previously carried out by private capital. The development of lower Egypt by irrigation is nearing completion. And further development in the direction of irrigation and land cultivation must now take place chiefly in the Soudan, where prospects are not so favourable and where labour is distinctly deficient, so deficient in fact that a suggestion has been seriously put forward for the importation of negroes from the United States. There is still a large opening in Egypt for investment, companies, banks, and other commercial ventures; but the development of the soil, to which British capital has been chiefly applied, no longer presents the same large and promising field. Indeed, we have it on the authority of Lord Cromer that, although Egypt is a country of 'very great natural resources, nature appears to have imposed a limit—which it is conceivable may be attained at no very distant future—to the possibilities of its development.' It is indisputable that South Africa no longer offers the same remunerative openings for capital which it presented a few years back,

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The scarcity of labour there has become an obstacle to further rapid development ; and in this respect both Egypt and South Africa seem to be alike. The labour difficulty is beginning to retard rapid development ; for I think, my Lord, that when a country suffers from a scarcity of indigenous labour, the flow of capital into that country must of necessity tend (although perhaps gradually) to dwindle. Whatever our labour troubles in India may be, we have an ample supply of labourers in the country. As regards labour, we are not therefore, and shall never be, in the position of the countries which I have named. The point which I wish to make, my Lord, is that we ought to take advantage of the present favourable opportunity to divert the flow of British capital into Indian channels by the inauguration of an era of greater liberality towards capitalists. Not only will our prosperity be promoted thereby, but the investment of large sums of British capital in this country will induce the British public to take a wider and a more intelligent interest in Indian affairs than they at present seem disposed to evince. That they will be amply repaid by such investments, and that India will also benefit by such a policy, may be confidently predicted."

The Hon'ble MR. GOKHALE said :—" My Lord, it is with sincere pleasure that I offer my warm congratulations to the Hon'ble Mr. Baker on the Financial Statement, which he has laid before the Council. The Statement is remarkable alike for its grasp of principle and its mastery of detail, and for lucidity of exposition it will take rank with the best Statements that have ever been presented to this Council. Indian finance is at present passing through a new phase, and judging from the Statement before us, we may well anticipate that the Hon'ble Member's tenure of office as Finance Minister will be an eventful one. My Lord, there is but one feeling throughout the country—and it is a feeling of deep and unalloyed satisfaction—as to the manner in which the Government of India have decided to apply about $3\frac{3}{4}$ crores of the excess of their revenue over expenditure to measures of remission of taxation, administrative improvement, and the general well-being of the people. I heartily welcome the further reduction of the salt-duty by eight annas a maund. The duty now stands, as the Hon'ble Member rightly claims, at a lower rate than it has ever done during the last quarter of a century. In urging this measure of relief last year, I had ventured to observe:—"The salt-duty was reduced by eight annas last year, and the measure of relief was received with deep gratitude throughout the country. The reduction might, however, be carried still further without any inconvenience. The salt-duty question in India is essentially a poor man's question; for it is the poorer many—and not the richer few—who eat more salt when it is cheap, and less when it is dear. The soundest policy in the matter—even financially—would, therefore, seem to be to raise an expanding revenue on an expanding consumption under a diminishing scale of duties." The only reply, which was then vouchsafed to my appeal by our late Finance Minister, Sir Edward Law, was the remark that I was "one of the multitude who stand at the door of the Treasury and always cry, "give, give"! I rejoice, therefore, to find that in less than a year the Government have seen their way to effect this reduction, and I am confident that a rapid increase in consumption will follow, wiping out, before long, the loss that has been caused to the Exchequer and demonstrating at the same time the wisdom of the course adopted by Government. Two years ago, when the duty was lowered from Rs. 2-8 to Rs. 2 a maund, fears were expressed in certain quarters that the benefit of the reduction might not, after all, reach the poorer classes, being intercepted on the way by small traders. Many of us thought at the time that the fears were quite groundless, and I am glad to see that they have been most effectively disposed of by the remarkable increase in consumption that has since taken place. That there is still a very large margin for increased consumption is evidenced by the fact that in Burma, where the duty is only one rupee a maund, the average consumption of salt is 17 lbs. per head, as against about 10 lbs. in India proper, where the duty has been Rs. 2 a maund for the last two years and Rs. 2-8 before that. Even with the present reduction, the

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impost amounts to about 1600 per cent. of the cost price, as it takes only about an anna and a half to manufacture a maund of salt, and it is clear that this is a very heavy tax on a prime necessary of life, which, as Prof. Fawcett once said, should really be 'as free as the air we breathe and the water we drink.' And I earnestly trust that the Government will take another opportunity to carry this relief still further, especially as a low salt-duty means a valuable financial reserve at the disposal of Government, and there is now no doubt that the relief accorded directly benefits the poorest classes of the community. The abolition of famine cesses will be hailed with satisfaction by the people of the provinces concerned, and it redresses one of the anomalies of the Famine Insurance Grant. The raising of the weight, which the Post Office carries for half an anna, from one-half to three-fourths of a tola, will be widely appreciated, and the definite declaration of policy, with which this concession is accompanied, *viz.*, that it is not the desire of Government to treat the Post Office as a source of revenue, practically ensures that all excess of receipts over expenditure will in future be devoted to the further improvement or cheapening of postal facilities. Now that the letter-weight carried for half an anna is exactly half of what is carried for one anna, I hope a half-anna stamp will be made the unit for weights exceeding $1\frac{1}{2}$ tolas, instead of the one-anna stamp. The allotment of a sum of 50 lakhs to Police reform to improve and strengthen the lower grades of the service is a welcome measure of far-reaching importance and is unaffected by whatever differences of opinion there might exist about the recruitment of the higher grades. The addition of a rupee to a constable's salary may not make in individual cases any difference as regards his honesty or efficiency, but taken in the mass, the increment is bound to be reflected in an improved standard of work, and in any case the measure is a long-deferred beginning of an absolutely necessary reform. The grant of 35 lakhs to Provincial Governments for additional expenditure on Primary Education is also an important step in the right direction, the field of mass education being one, in which what has been already done is but little, as has been admitted by the Government of India in their Resolution of last year on the subject, compared with what remains to be done. The grant of 20 lakhs for agricultural research, experiment and instruction, and the announcement that the ultimate aim of Government in this matter is 'the establishment of an experimental farm in each large tract of country, of which the agricultural conditions are approximately homogeneous, to be supplemented by numerous demonstration farms, the creation of an agricultural college teaching up to a three years' course in each of the larger provinces, and the provision of an expert staff in connection with these colleges for purposes of research as well as education,' indicate that the Government at last have made up their mind to recognize in a practical manner the supreme importance of scientific agriculture in this land. Twenty lakhs a year for such a purpose for the whole of India is, of course, totally inadequate, but it is a good beginning, and the Government have undertaken to find steadily increasing funds till the whole programme is properly carried out. The last measure, to which a part of the surplus is proposed to be devoted, is a grant-in-aid of the funds of District and Local Boards throughout India, amounting in all to about 56½ lakhs a year and equal approximately to one-fourth of the income of these Boards. This, to my mind, is one of the most interesting features of this year's Budget, and it is a feature on which I offer my heartiest congratulations to the Hon'ble Member. It means a frank acknowledgment of the claim of Local Bodies to participate in the financial prosperity of the Government of India and a recognition of the fact that without the aid of Government the resources of these bodies are utterly unequal to the proper discharge of the various duties laid on them. The last National Congress, which met in Bombay, had urged such assistance to Municipal and Local Boards, and I rejoice to find that Government have responded, at least partially, to the appeal. Successive visitations of famine and plague have in many places so far crippled the finances of these Boards that they have had the greatest difficulty in averting a complete breakdown, and it was a serious

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reproach to existing arrangements that while there was such a plethora of money in the Government of India's Treasury, and even Provincial Governments were not able to exhaust all the grants made to them, these Local Bodies, whose work concerns the health and comfort of the public far more intimately than that of either the Supreme or the Provincial Governments, should continue year after year in a state almost verging on bankruptcy and should be unable to discharge satisfactorily even their most elementary duties! Government have now come forward to assist in a liberal spirit the District and Local Boards, and the assistance will evoke the sincere gratitude of these Boards. The Municipal Bodies have for the present been left out in the cold, but the principle of admitting Local Bodies to a share in the financial prosperity of Government having once been accepted, I venture to think that assistance, similar to what has now been offered to District and Local Boards, cannot reasonably be withheld from Municipalities, whose difficulties are not less serious and whose duties are even more onerous than those of the Boards.

"My Lord, the revised estimates for the current year shew a surplus of $5\frac{1}{4}$ crores. This surplus has been obtained after making a special grant of one crore to the Governments of Bombay and the Punjab. So the real surplus for 1904-05 must be set down at $6\frac{1}{4}$ crores. This is the seventh successive year, in which such a large surplus has been realized by the Government of India, and though advantage has been taken of it to remit taxation to the extent of about two crores of rupees and to apply about $1\frac{3}{4}$ crores to most excellent objects, the whole financial position is still so extraordinary that it calls for a brief review. The surpluses realized by the Government of India during the last seven years amount in all to about $32\frac{1}{2}$ crores of rupees, and they do not include the special grants made to the various Provincial Governments and Administrations from time to time. In addition to this, a sum of about $12\frac{1}{2}$ crores has been earned by the Government of India during the last five years, as profit on the coinage of rupees, owing to the difference between the bullion value of silver and the token value of the rupee, and it has been set apart to form a Gold Reserve Fund. This gives us a clear excess of 45 crores of revenue over expenditure during the last seven years. Moreover, during this period, extraordinary charges, amounting to about 16 crores, for famine relief and for military purposes, have been met out of revenue. Further, about 2 crores have been spent out of revenue on Railways and Irrigation Works under Famine Insurance, under which head also a sum of $3\frac{3}{4}$ crores has been devoted to the reduction or avoidance of debt. Even if we leave out of account the extraordinary charges met out of revenue and the sum spent on Railways and Irrigation under Famine Insurance, as money already spent, we still have a total of about 49 crores of rupees to represent the excess amount taken by Government from the people in seven years over and above the requirements of the administration. Twelve and a half crores out of this has been set aside, as has been already mentioned, to form a Gold Reserve Fund, and the remaining, about $36\frac{1}{2}$ crores, has been devoted to the repayment or avoidance of debt, as may be seen from the fact that during this period Government have discharged £5,000,000 net of temporary debt, and have spent $48\frac{1}{2}$ millions on Railways and Irrigation works, though they have borrowed only $21\frac{3}{4}$ millions, the difference being found from Cash Balances, of which the surpluses form a part. Moreover, as an inevitable result of such plethora of money at the disposal of Government, public expenditure has increased in all directions—and notably under Army services—on an unprecedented scale. The following figures for the last four years show at a glance how rapid has been the growth of public burdens and what is the position that has now been reached. In these figures, I have taken the revenue under Post, Telegraphs, Railways and Irrigation net. This, I submit, is the only way of presenting a correct idea of our revenue and expenditure, as the receipts under these heads are for services rendered and are balanced on the other side by corresponding expenses which virtually absorb the receipts. Unless, therefore, we take these figures net, we get an altogether erroneous idea of our real revenue and

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expenditure. I have also taken the revenue under Mint net, because, for the present at all events, the profit earned has to go to the Gold Reserve Fund and is therefore not available for general purposes.

"Revenue and Expenditure for four years 1901-02—1904-05.

(In millions sterling.)				
	1901-02.	1902-03.	1903-04.	1904-05 (Revised).
Revenue	51'91	52'27	55'27	57'59
Expenditure	46'96	49'21	52'28	54'11
Surplus	4'95	3'06	2'99	3'48

"Coming to particular heads of expenditure, we find that the charge under Interest has actually gone down owing to a reduction of the ordinary debt. And the expenditure under Miscellaneous Civil charges, as also under Famine Relief and Insurance, has remained virtually stationary. Under the remaining heads, there has been a large and steady increase, as may be seen from the following figures:—

(In millions sterling.)				
	1901-02.	1902-03.	1903-04.	1904-05 (Revised).
Collection charges under Principal Heads of Revenue.	6'19	6'35	7'16	7'17
Salaries and expenses of Civil Departments.	11'15	11'69	11'98	12'35
Civil Works	3'67	4'15	4'60	4'82
Army Services, including Military Works and Special Defence Works.	16'73	18'44	18'93	21'45
				Increase.
				nearly 1 million.
				1' 2 "
				1'15 "
				4'72 "

"I have taken 1901-02 as starting year for the comparison, because 1900-01 was a famine year, and before that, Government could not have felt sure of a large annual surplus. It will be seen that our expenditure has grown in four years by more than 7 millions sterling or about 10½ crores, and of this, the Army Services have absorbed quite two-thirds, i. e., 4½ millions or over 7 crores. Again, while the revenue under the principal heads has risen during this period from £46'60 millions to £50'38 millions or slightly over 8 per cent., the charges of collecting it have grown from £6'19 millions to £7'17 millions or by about 16 per cent.

"Thus after allowing the expenditure to increase in all directions on an unprecedented scale, after making large special grants to Provincial Governments from time to time, after spending nearly 16 crores out of current revenues for non-recurring charges, and after laying by about 12½ crores for purposes of the Gold Reserve Fund, the Government have still been able to devote a sum of about 36½ crores in seven years, or a little over 5 crores a year on an average, to the reduction or avoidance of debt! I submit, my Lord, that such a system of finance is unsound in theory and indefensible in practice, for it involves grievous injustice to the present generation. I can understand the Government always insisting on a moderate working surplus in framing their Budget Estimates and providing for the year's recurring charges out of the year's revenues. This was what they have uniformly done—even during the worst days of the exchange difficulty. But having done that, I venture to think they have no right to maintain taxation at a higher level than is necessary or to devote the resulting surpluses to the reduction of debt, as they have been doing. In all countries, it is an accepted canon of finance that the weight of public burdens should be kept as light as possible, and that the scheme of taxation should be so fixed and adjusted as to meet, but no more than meet, public requirements under normal conditions. If this is so in rich European countries, it should be much more so in India, where the revenue is raised from a poor, helpless population, and the larger part is contributed by a broken and exhausted peasantry, and where, owing to the

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special circumstances of the case, the character of public expenditure is such that a great portion of it has to be spent on objects unconnected or but remotely connected with the moral and material advancement of the people. Moreover, the ordinary debt of India—as distinct from the public works debt, which is fully covered by valuable assets—is not large, and there is no justification for being in such a hurry to reduce it. The utmost that the Government might do in the matter is to provide for a small sinking fund, say, about a million sterling a year; but beyond this, it is indefensible to go, especially as, in the absence of a reduction of taxation, there are so many ways, all intimately connected with the well-being of the people, in which the surplus revenue could be spent.

“This brings me to the scheme of Army re-organization and the provision of 3 crores 66 lakhs that has been made for it in the next year's Budget. The scheme is one of vast magnitude, and it is claimed that it will be of lasting benefit. No lay criticism of its technical aspects can, of course, be of any value, though even laymen cannot help noting that expert opinion is not quite unanimous in regard to it. Thus we find Colonel St. J. M. Fancourt, C.B., writing to the *Madras Mail* to urge that enlarged camps of exercise will serve the purpose as well as the proposed concentration camps and will be much less costly and will offer fewer administrative difficulties; that the training under the climatic conditions of the country, especially the summer heat, cannot be carried on the whole year round, which reduces the value of a permanent location of troops in large concentration camps; and that for the annual seasons of drill, troops can be moved and massed wherever desirable, the expanding Railway system affording increasing facilities for such movements. Laymen also cannot help thinking that in the very nature of things, there can be no finality in such plans of distribution of armed forces. The period is a period of mighty changes and the world's affairs are passing through a new phase. The rise of Japan, as one of the first Powers in the world, is a new factor in international politics and of vast significance. New and unexpected combinations may arise, and the danger-zones and danger-points may not remain as they at present are—for ever and ever. However, the towering personality of His Excellency the Commander-in-Chief must silence all objections to the scheme, of which he is the author, and the required money—15 crores of rupees—has to be found to carry it out. The Government have announced their intention to meet the whole charge from current revenues, and they have already provided in the next year's Budget a sum of 3 crores 66 lakhs for the purpose as a first instalment, committing themselves at the same time to devote similarly 3 crores every year, till the whole programme is completed. My Lord, I beg leave to protest most earnestly against this decision of the Government of India. The charge is heavy and non-recurrent and, on the analogy of English and Continental practice in similar cases, ought to be met out of loan funds. It is most unjust to the tax-payers to provide for it out of current revenues by yearly allotments and thus keep up the high level of taxation for an indefinite period. In other countries such charges are, as a rule, met out of borrowed money. In England, just at this moment, there are the Naval and Military Works Bills before the House of Commons, under which it is proposed to carry out these works out of loans. And in defending such action, the Chancellor of the Exchequer pointed out the other day—on the 1st instant—that ‘if the objects for which those measures provided were paid out of the estimates, there would be a disturbance of our system of taxation.’ My Lord, it is true that the people of India have no constitutional power, as the people in England have, to control or in other ways influence the administration of their finances by Government. But for that very reason, a solemn moral responsibility rests on the Government here not to ignore considerations that are accepted as conclusive in England. The present decision of Government, so unjust to the tax-payers, leaves room for legitimate complaint, especially when it is remembered that we have devoted no less a sum than 36½ crores of rupees out of current revenues towards the reduction of debt during the last seven years, and that an addition of fifteen crores will still leave it 21 crores lower than it was in 1898.

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“ My Lord, I have already referred briefly to the alarming growth that has taken place in the military expenditure of the country in recent years. The military problem is the most dominant factor in the general position of the country's finances, overshadowing every other. National safety is, of course, the first and most paramount consideration in a country's administration. But no people can bear indefinite and ever-increasing burdens—practically without limit, and absorbing the greater part of every financial improvement—even in the name of such safety. I have on previous occasions spoken more than once on this subject at some length in this Council, and I do not therefore propose to say much today. Last year the Hon'ble Sir Edmond Elles, in his reply to some of my observations, told the Council that I had criticized measures, about which my knowledge was infinitesimal. The remark was somewhat superfluous, seeing that in my speech I had taken care not to say one word about any technical matters. The Hon'ble Member then went on to cite the instance of Japan and ask what would have been her fate, if her future had been guided by statesmen holding the views of my Hon'ble friend Mr. Sri Ram and myself. I do not think the reference to Japan was quite a tactful thing. For Japan's destinies are guided by her own sons, whose one thought and aspiration is the greater glory of their country, furthering by every means in their power the moral and material advancement of their people. Is the Hon'ble Member prepared to adopt Japan as a model for all branches of the country's administration? If so, let him induce his colleagues in the Government to treat the people of India as the Japanese Government treats the people of Japan in matters of education, of industrial development, of military and naval service, of appointment to high and responsible office, and I, on my part, humble as I am, undertake to see that no Indian publicist raises any objection to such military expenditure as the Hon'ble Member thinks it necessary to incur. My Lord, on technical aspects of military questions, the opinion of laymen is of course of but little value. But, as the *Englishman* pointed out the other day, ‘there is a stage when considerations of military defence emerge out of the plane which has always been tacitly reserved for professional soldiers..... The larger problems involving the expenditure of large sums of money and the dispositions of troops in relation to possible enemies, are clearly not to be decided on the fiat of military men. These matters affect the State as a whole and as such must be looked at from the civil as well as the military point of view.’ Our military expenditure has nearly doubled itself during the last twenty years, having risen from 17·9 crores in 1884-85 to 34·6 crores in 1905-06. It now exceeds the entire land-revenue of the country and no one can say where it will stop, or if it will stop anywhere at all. It is now said that India is the strategic frontier of the British Empire. If so, the defence of such frontier is clearly an Imperial responsibility and India ought to be relieved of part of her present military burdens. For the last twenty years, the fears of a Russian invasion have dominated the situation and dictated the scale of our military expenditure. Russia now lies prostrate and bleeding—her prestige shattered beyond hope—a standing menace to the peace of Asia gone. May we not now hope for a little respite in this piling up of ceaseless military burdens on our shoulders! The limits of military expenditure were thus laid down by Lord Mayo's Government in 1871 :—‘We cannot,’ they wrote, ‘think that it is right to compel the people of this country to contribute one farthing more to military expenditure than the safety and defence of the country absolutely demand.’ The Army Commission of 1879 thus defined the functions of the Indian Army :—‘The purposes for which the Army of India must be maintained may be stated to be—(a) preventing and repelling attacks or threatened aggressions from foreign enemies beyond our border; (b) making successful armed disturbance or rebellion, whether in British India or in Feudatory States, impossible; and (c) watching and over-awing the armies of feudatory Native States.’ This conception of India's position and responsibilities, however, is no longer thought to be sufficient. Thus last year the Hon'ble Sir Edmond Elles, after asking the question ‘Are we to be content to hide ourselves behind our mountain barriers under the foolish impression that we should be safe, whilst the absorp-

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tion of Asiatic kingdoms is steadily in progress?' observed as follows :— ' It is, I think, undoubted that the Indian Army in the future must be a main factor in the maintenance of the balance of power in Asia ; it is impossible to regard it any longer as a local militia for purely local defence and maintenance of order. And Your Lordship, referring to the same point, said :— ' I spoke last year about the increasing range of our responsibilities in Asia ; and a good deal has happened in the interim to point those remarks. My own view of India's position is this. She is like a fortress with the vast moat of the sea on two of her faces and with mountains for her walls on the remainder. But beyond those walls, which are sometimes of by no means insuperable height and admit of being easily penetrated, extends a glacis of varying breadth and dimensions. We do not want to occupy it, but we also cannot afford to see it occupied by our foes. We are quite content to let it remain in the hands of our allies and friends ; but if rival and unfriendly influences creep up to it and lodge themselves right under our walls, we are compelled to intervene, because a danger would thereby grow up that might one day menace our security. This is the secret of the whole position in Arabia, Persia, Afghanistan, Tibet, and as far eastwards as Siam. . . . And the whole of our policy during the past five years has been directed towards maintaining our predominant influence and to preventing the expansion of hostile agencies on this area which I have described.' This new and Imperial definition of India's position and responsibilities is bound to stagger the people of this country, for it means that India's resources are to be unhesitatingly used for engaging in a race with European Powers to absorb Asiatic Kingdoms ! Now, apart from the ethics of such absorption, I submit that if England's dominion in the East must be thus extended in all directions on the mere suspicion that a rival is creeping up towards the frontiers of India, the Imperial Government in England and not the poor people of India ought to find the money for the purpose. The maintenance of the balance of power in Asia is a matter of Imperial concern ; and for the Government of India to accept that responsibility is to impose upon this country a military duty and a financial obligation, to which she is utterly unequal and which, moreover, it is unjust to throw on her.

" My Lord, I have complained above of the system of finance that has been maintained in this country for the last seven years. That complaint, however, must not be understood to apply to the present Financial Statement, which indeed has to a large extent broken from the old tradition and taken an important step forward in the right direction. With the single exception of the provision made out of current revenues for Army reorganization, the budgetary dispositions appear to me to be both liberal and statesmanlike. Speaking further for Bombay, I gladly acknowledge the liberal character of the new Provincial Settlement. I rejoice also that the Hon'ble Member has put an end to the era of systematic underestimating of revenue and overestimating of expenditure. More than once had I complained of this practice in this Council, as unfairly prejudicing the chances of the tax-payer in the matter of remission of taxation. Last year, for instance, I had said :— ' In the twelve years of storm and stress (*i.e.*, from 1885—1896) it was perhaps necessary for the Finance Minister to act on the safe, if somewhat over-cautious, plan of underestimating the revenue and overestimating the expenditure. But though the difficulties of the position have passed away, the tradition, once established, still holds the field.' And this only drew on me a sharp remonstrance from Sir Edward Law. It was therefore with a certain amount of legitimate satisfaction that I found the Hon'ble Member virtually admitting the correctness of my contention and admitting it very nearly in my own words. ' So long,' he has observed, ' as all growth of revenue and the fruits of all retrenchment were liable to be swallowed up by a fall in exchange, it was common prudence to frame the estimates in the most cautious manner, and to take no credit for developments of revenues until they were absolutely assured.' When this factor was eliminated, the traditions of excessive caution remained and due allowance was not always made in the estimates for the normal expansion of the growing heads of revenue.' My Lord, the financial position of the Government now is one of

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exceptional strength. Taking the Budget Estimates for next year, we find that after providing 3 crores 66 lakhs for an extraordinary charge, which ought to be met out of borrowings, we still have a surplus of 1 crore 36 lakhs. This means an excess of 5 crores of revenue over expenditure. Then the profits from coinage have averaged about $2\frac{1}{2}$ crores a year during the last five years and they are bound to increase as trade expands. These profits will be available for general purposes in a year or so, as the Gold Reserve Fund already stands at $8\frac{1}{2}$ millions sterling, and as Your Lordship stated last year, when it reaches 10 millions sterling, it 'will be sufficient for our purpose and will give us a permanent guarantee for stability of exchange.' Then Railway finance has entered on a new phase. After causing a net loss year after year for half a century—from 1849—aggregating in all to sixty crores of rupees, our system of Railways has now commenced to bring in a profit to the State, and there is every reason to believe that this profit will steadily increase. The revenue under Excise and Customs is also showing a large and continuous increase. Leaving all growth of revenue under Railways, as also under Excise, Customs and other principal heads, to meet the growing requirements of public expenditure, we still have a margin of about $7\frac{1}{2}$ crores a year to devote to purposes intimately connected with the moral and material wellbeing of the people. And if only military expenditure is prevented from absorbing everything, and a comprehensive and statesmanlike view taken of the duties of the State and of the exceptional opportunities which the present position of the finances affords to Government, a vast deal could be done to improve the condition of the people and thereby also to deepen, broaden and strengthen the true foundations of British rule in this land. There is, for instance, the separation of Judicial and Executive functions to be effected—a reform demanded by eminent Anglo-Indians as well as Indians, which Lord Dufferin described as a counsel of perfection and which, he said, could not then be carried out for want of funds. Well, the Government now have funds to carry out the reform many times over, and I respectfully submit it ought to be no longer delayed, as the sense of oppression and discontent, to which it gives rise, is infinitely more serious than any administrative convenience which may result from it. Then there is the extension of education in all its branches—a matter of the greatest importance to the country's progress. But it is not of these that I desire to speak today. The subject that I wish most earnestly to urge upon the attention of the Government is the condition of the agriculturist. My Lord, the Indian agricultural producer is terribly handicapped, and his position is getting harder every day. In the first place, nowhere is the burden of taxes on the land in relation to produce so heavy as in this country, as may be seen from the following figures, taken from Mulhall's Dictionary :—

Country.	Percentage of taxes in relation to gross produce.
United Kingdom	8.3
France	4.8
Germany	3.0
Austria Proper	4.9
Italy	7.0
Belgium	2.8
Holland	2.8

"These taxes on land include stamp-duties and local rates and in France road-cesses. In India, leaving out of calculation Provincial rates and stamp-duties, and confining ourselves to land-revenue only, what do we find? Taking the figures set forth in the Government Resolution of 1902, which cannot be suspected of being unduly unfavourable to Government, we find that in *Madras*, the assessment is from 20 per cent. in the Godavari District to 8 per cent. in Anantpur of the gross produce, and in most districts it averages over 15 per cent. In *Bombay*, the assessment in Guzerat is 20 per cent., and even in the dry and dreary Dekkhan, considering the uncertainty of the seasons,

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it is in no way lighter. In the *United Provinces of Agra and Oudh*, it is one-seventh or one-eighth of the gross produce, i.e., from 12 to 14 per cent. Thus, while elsewhere the total burden on land is well below ten per cent., with us, taking the land-revenue alone, we see that the assessment over most areas is about 15 per cent. and in some portions as high as 20 per cent. of the gross produce—and this according to official estimates. Secondly, everywhere in India, and particularly in the temporarily-settled districts, the utter resourcelessness of the agricultural classes is the most distressing fact of the situation. The cultivator has no capital and has but little credit and is simply unable to make proper use of Nature's wealth that lies at his door, with the result that his cultivation is of the rudest and most exhausting type. The yield of the soil has been steadily diminishing, except in irrigated tracts, being simply 8 to 9 bushels an acre, about the lowest yield in the world. Thirdly, the currency legislation of Government has hit the raiyat very hard, depreciating at once the value of his small savings in silver and increasing steadily, as prices are adjusting themselves to the new rupee, the burden of his assessment and his debts. Fourthly, a succession of bad seasons during the last fifteen years have borne him down with crushing pressure, the MacDonnell Commission observing that the past decade in most parts of India has been 'a decade of misfortune and distress.' Lastly, there is his terrible indebtedness, which is admitted by everybody and which, there is reason to fear, is steadily on the increase. In such a situation, the struggling raiyat, toiling ceaselessly without heart and without hope, needs every assistance and relief that can possibly be brought to him. But the operations of the Settlement Department are going on apace, and everywhere a fresh revision means a fresh enhancement of the Government demand. Taking Madras, Bombay, Central Provinces, and the United Provinces of Agra and Oudh together, we find that during the last ten years the land-revenue collections have risen from 14.4 crores in 1893-94 to 15.4 crores in 1903-04—an increase of fully one crore in ten years! And yet all these provinces have suffered during the period from a succession of calamitous seasons. My Lord, the fearful poverty and indebtedness of the agriculturist calls for a great and comprehensive scheme of ameliorative action, and no mere palliatives will be of much avail. A general reduction of the State demand in the temporarily-settled provinces, as suggested by Mr. O'Connor, and the grant of Permanent Settlement to those provinces, together with a bold scheme for the composition of the raiyats' liabilities—nothing less than these measures will really save him from utter and hopeless ruin. The present financial position, with an assured excess of at least $7\frac{1}{2}$ crores of revenue over expenditure, gives Government a great opportunity, which, if allowed to slip now, may never present itself again. A reduction of 20 per cent. in the State demand in the provinces of Madras, Bombay, Central Provinces, and United Provinces will not cost more than 3 crores a year and the amount sacrificed will return to the State tenfold in the increased prosperity and contentment of the people. And a great scheme of composition of debts, similar to the one for buying out the landlords in the Irish Land Purchase Act of last year—when the Imperial Treasury undertook to advance a hundred millions sterling for the purpose—will mean the making of the raiyat again and is the only way in which the problem of agricultural indebtedness can be successfully grappled with.

"Another subject, which I wish earnestly to bring to the attention of Government, is the condition of Municipal bodies in those parts of the country which have suffered severely from successive visitations of the plague. The finances of some of these bodies have been so completely disorganized that it is with difficulty that they are able to perform their most elementary duties. They still owe large sums to Government for plague loans, though the greater part of these loans have been already remitted by Government, and unless Government come forward again to help them out of their embarrassments, their available margin of income over expenditure must be devoted to the paying off of these debts for several years to come. I have the honour to preside over one of the largest Municipalities in the Bombay Presidency—the Corporation of

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- Poona—a body which has suffered as much as any other from this terrible scourge; and I know from personal experience how we are simply powerless at present to undertake any large works of improvement and what a struggle we have to make merely to keep things going. Our plague debt today is about $2\frac{1}{2}$ lakhs of rupees—a sum nearly equal to our annual income—and it will take something like fifteen years to clear it off, which means that for fifteen years our small margin of income over expenditure will not be available to us for any other purpose. From a return very courteously supplied to me by the Finance Member, I find that the amount which the mufassal Municipalities in the Bombay Presidency still owe to Government is about 17 lakhs of rupees. This is over and above 22 lakhs which the Government have already remitted. Moreover, the municipalities have met out of their own revenues a plague expenditure of about 16 lakhs. It is only fair to mention that for these plague loans the Municipalities are only technically responsible. They represent the excess expenditure incurred by Government in the name of Municipal bodies in the early years of the plague, when all kinds of drastic measures were adopted to stamp out the disease and Municipal money was spent by plague officers appointed by Government with the most reckless profusion. Now this sum of 17 lakhs, which the Municipalities still owe to Government, is really the merest nothing to the Government with their crores and crores of surplus revenues; but to these Municipal Bodies, it means all the available margin of income over expenditure. I therefore earnestly suggest that these plague loans should be written off by Government, so as to leave Municipalities free to devote their slender resources to urgently needed undertakings. I am willing that in writing off these loans, a condition should be imposed on the Municipalities that the amounts written off by Government should be devoted to works of permanent utility. I am sure, my Lord, if only the Finance Minister will adequately realize the extent of our difficulties—difficulties which contrast most painfully with the prosperous condition of the Government of India's Treasury—he will at once recognize the absolute necessity of coming to our relief. In Poona, for instance, we have the plague from four to six months every year. During these months, we suffer a heavy loss in octroi and other revenue, and while our receipts thus suffer, our expenditure increases, because, in addition to our ordinary establishment, we have to maintain a special establishment to deal with the outbreak of plague. My Hon'ble friend Mr. Younghusband, who is Commissioner of the Division to which Poona belongs, and who has always been a most sincere friend of local bodies, will, I am confident, endorse every word of what I have said, if he is called upon to express an opinion on this subject. But writing off plague loans is not all the assistance that I ask for our Municipalities at the hands of the Government. I want the Government to go further—much further—and recognize the obligation to make substantial grants in aid of the funds of these bodies for works of permanent improvement, such as drainage and water-supply. My Lord, the persistence with which the plague has been lingering in our midst has drawn pointed attention to the questions of faulty drainage and defective water-supply, and it is recognized that real improvement in the health conditions of the people is impossible, unless these matters are taken seriously in hand. Now it is a Western plan which leaves such works to be executed by local bodies out of their own resources. And though it may work well in Western countries owing to the wealth of their towns, it is utterly unsuited to India, where the unaided resources of local bodies are altogether inadequate for such costly undertakings. Moreover, in view of the frightful mortality caused by the visitations of plague and the generally high death-rate of Indian towns, it is a clear obligation resting on Government, especially when they have funds necessary for the purpose, to do all that lies in their power to promote the interests of public health, and from this obligation they are not absolved simply because they have handed over certain duties and certain resources to certain Boards. Further, these Boards are not independent bodies. They are subject to a large measure of Government control and they include a considerable proportion of Government nominees.

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It is only fair therefore that the Government should assist them financially in carrying out projects which are beyond their unaided capacity to undertake. Government give a grant to these Boards in aid of education, and there is no reason why public health should not be placed on the same footing as education. I would therefore suggest that about a million sterling a year should be devoted to assisting Municipal Bodies with grants for drainage and water-works. I understand that such grants are not unknown in individual instances in Madras and some other Provinces. I think, however, that the construction of such works will be greatly encouraged by the Government adopting an attitude of liberality as a general policy in this respect. The needs of public health require such assistance from Government and financially they are in a position to render it. The principle, moreover, has been accepted this year in the case of District Local Boards. I earnestly trust, therefore, that the suggestion which I have ventured to make will receive favourable consideration at the hands of Government.

“My Lord, I have already detained the Council at considerable length, but there is one subject more, about which I would like to say a word, before I conclude. This time last year, Your Lordship dealt at some length with the question of the wider employment of Indians in the public service, and shortly after that a lengthy Resolution was issued by the Government of India on the same subject, reiterating the arguments and conclusions of Your Excellency’s speech. Your Lordship, after analysing the situation, came to the conclusion that not only were the people of this country not justified in complaining of exclusion from high office, but that they were being treated with ‘a liberality unexampled in the history of the world.’ The Government Resolution of May 24th, 1904, expressed the same opinion in the following words:—‘There has been a progressive increase in the employment of natives and a progressive decline in the employment of Europeans, showing how honestly and faithfully the British Government had fulfilled its pledges and how untrue is the charge which is so often heard of a ban of exclusion against the natives of the country.’ In spite of both the speech and the Resolution, however, the public mind remains unconvinced, and certain propositions in the Resolution have even created the unfortunate impression that it was no longer the intention of Government to adhere faithfully to the lines of policy laid down in the matter in the Parliamentary Statute of 1833 and the Proclamation of the Queen-Empress in 1858. The Statute and the Proclamation have respectively pledged the word of the British Parliament and the British Sovereign to the people of India that all offices in the country shall be equally open to all without distinction of race, colour, or creed. The Statute was further interpreted by the Court of Directors as laying down that there was to be no governing caste in India, and that whatever tests of fitness were prescribed, considerations of race or creed were not to be of the number. The Resolution of last year, however, lays down two principles, as governing the situation, which, in the form, in which they are stated, are certainly inconsistent with the pledges given in the Statute of 1833 and the Proclamation of 1858. The Resolution says:—‘The general principles which regulate the situation are two in number. The first is that the highest ranks of civil employment in India, those in the Imperial Civil Service, the members of which are entrusted with the responsible task of carrying on the general administration of the country, though open to such Indians as proceed to England and pass the requisite tests, must nevertheless, as a general rule, be held by Englishmen, for the reason that they possess partly by heredity, partly by upbringing and partly by education, knowledge of the principles of government, the habits of mind, and the vigour of character, which are essential for the task, and that the rule of India being a British rule and any other rule in the circumstances of the case being impossible, the tone and standard should be set by those who have created and are responsible for it. The second principle is that outside this *corps d’élite*, the Government shall, as far as possible, and as the improving standards of education and morals permit, employ the inhabitants of the country, both because its general policy is to restrict rather than to

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extend European agency and because it is desirable to enlist the best native intelligence and character in the service of the State. This principle is qualified only by the fact that in certain departments, where scientific or technical knowledge is required, or where there is a call for the exercise of particular responsibility or for the possession of a high standard of physical endurance, it is necessary to maintain a strong admixture and sometimes even a great preponderance of the European element.' The Government of India thus lay down (1) that race, so far from being no disqualification, shall constitute in the case of all but a very few a conclusive disqualification for the higher offices of the State; (2) that this disqualification shall last as long as the British rule endures; (3) that in regard to other offices held at present by Europeans, they are so held because Indians qualified by education and morals are not either available, or where they are available, they are unfit for the exercise of 'particular responsibility.' Now, my Lord, the equal treatment promised in regard to public employment by the Parliamentary Statute and the Queen's Proclamation may be nothing better than a legal fiction in practice, but it is a fiction which we have cherished, as embodying an ideal for the future and representing the higher purpose of British rule in this land, and we cannot afford to see it so explicitly repudiated by the Government. Nothing to my mind is calculated to affect more disastrously the attitude of educated Indians—and their number is bound steadily to grow—towards British rule than a belief that under that rule their exclusion from the highest offices of the State is intended to be perpetual. As regards the question of education and morals being involved in our exclusion from most of the offices in the special departments, is it really intended to be conveyed that among the thousands and thousands of educated Indians, who are ready to seek employment under the State, even a few cannot be found possessing the necessary education and moral character or qualified to exercise the required degree of responsibility? I am sure the question has only to be presented in this form to make the injustice of it clear to everybody. Why, my Lord, it is a matter of common knowledge that, in the case of the smaller appointments at all events, it is not the Indian, but the European or Eurasian competitor, whose education and morals it would really be desirable sometimes carefully to investigate. However, I do not wish to pursue this argument any further on this occasion. My object today is to point out how inaccurate and misleading is the conclusion which the Government of India Resolution has recorded on this subject and which I have already quoted above. The Resolution claims (1) that the pledges given have on the whole been honestly and faithfully carried out, and (2) that there has been a progressive increase in the Indian element and a progressive decline in the European element in the service of the State. Before proceeding to show how unsupported by facts this two-fold claim is, I must, in the first place, point out that in the statistical tables which accompany the Resolution, the real issue has been obscured by the inclusion therein of posts as low as Rs. 75 a month. When we complain of our exclusion from high office we do not refer to the lower grades of the Public Service—grades which carry salaries as low as Rs. 75 or 100 or even 200 rupees a month—though in some of the special departments, we are virtually shut out even from such petty appointments. When we make the complaint about exclusion, we refer to offices sufficiently high in the Public Service—offices of trust and responsibility—say above Rs. 500 a month. I have compiled tables for the years 1897 and 1903 from the statistics published by the Government of India to show how we stand in regard to these appointments, and it will be seen from them that the two-fold claim of the Government of India already referred to is wholly untenable. I do not propose to read out these tables. They will appear as an appendix* to my speech in the report of these proceedings. It will be seen from them that they effectively dispose of the contention that we have so far been treated with unexampled liberality. They also show that most of the new posts, created between 1897 and 1903, have gone to either Europeans or Eurasians, which element certainly shows no signs of declining, the Indian element even losing ground in some of the departments.

* *Vide Appendix C.*

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"My Lord, this question of appointment to high office is to us something more than a mere question of careers. When all positions of power and of official trust and responsibility are the virtual monopoly of a class, those who are outside that class are constantly weighted down with a sense of their own inferior position, and the tallest of them have no option but to bend in order that the exigencies of the situation may be satisfied. Such a state of things, as a temporary arrangement, may be accepted as inevitable. As a permanent arrangement, it is impossible. This question thus is to us a question of national prestige and self-respect, and we feel that our future growth is bound up with a proper solution of it. My Lord, Your Lordship said on one occasion that to your mind efficiency of administration was synonymous with the contentment of the people. There is no question, of course, of the supreme importance of a high degree of efficiency in a country's Government. There is also no doubt that in this respect the present Administration has been the most strenuous and the most successful of any that the country has had for many years. But may I venture respectfully to point out that Your Lordship's proposition leaves out of account the special circumstances of India, that efficiency, though an object of paramount importance with us as elsewhere, is not the sole purpose of British rule in this land, and that for the contentment of the people to be real and enduring, something more is indispensable than mere efficiency, however high it may be. A succession of great statesmen, who in their day represented the highest thought and feeling of England, have declared that, in their opinion, England's greatest work in India is to associate the people of this country, slowly it may be, but steadily, with the work of their own Government. To the extent to which this work is accomplished, will England's claim to our gratitude and attachment be real. If, on the other hand, this purpose is ever lost sight of or repudiated, much good work, which has been already done, will be destroyed, and a position created, which must fill all true well-wishers of both England and India with a feeling of deep anxiety."

The Hon'ble Mr. HEWETT said:—"My Lord, in his memorandum on Railway Development for 1904-1905 the Hon'ble Sir Arundel Arundel was able to announce a larger provision for railway development during the year than had ever been made before. The Hon'ble Mr. Baker has already stated that we have been able to increase the allotment to a still higher figure during the coming year, and taking into account the estimated expenditure on famine protective lines, branch lines not in receipt of a direct guarantee, railways outside the Government account and the expenditure from provincial and local revenues and from loans raised by local boards for local lines, the estimate for the coming year is over a crore in excess of the revised estimate for the present year, and over 3 crores in excess of the accounts for 1903-1904. It is indeed to be regretted that the demands for open lines and lines already under construction leave only 52 lakhs of the grant of 12½ crores available for the commencement of entirely new lines, but the mileage by which we hope to increase our railway lines during the year, namely, 1,138, will be substantial. The requirements in respect of additions to the rolling stock swallow up a large amount of the annual grant. In the three calendar years from 1901 to 1903, 14,000 goods wagons were added to the rolling stock, and the expenditure provided under this head in the present and coming years is 300 and 230 lakhs, respectively. The Hon'ble Mr. Baker has explained that in the distribution of the grants which have been made to district and local boards it is intended that special consideration shall, wherever possible, be given to local wants in the matter of communications. The Government of India trust that the grants will give a fresh impetus to the construction of feeder roads, to the need for which more than one Hon'ble Member has referred, and that the boards will be encouraged, with their increased resources, to do more than has been possible in the past in the direction of giving guarantees for tramways and light railways.

"The Hon'ble Mr. Cable has urged that the time has come when we must decide to adopt a more definite policy as to the working of railways by State

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agency or private enterprise. The Hon'ble Member and the Hon'ble Maharaja of Darbhanga have testified to the interest with which the public is looking forward to a pronouncement by the Railway Board as regards the system upon which improvements and extensions of railway communication should be carried out in the future. Mr. Cable has also expressed the opinion that the first duty of the Board in order of importance is the sympathetic adjustment of railway rates. My Lord, I do not understand the Hon'ble Member to expect upon the present occasion any statement as to the policy which the Railway Board would advocate in these matters, and it would, in fact, have been impossible for the Board, so recently after its constitution, to have already come to any definite conclusion upon these important subjects. I can, however, promise the Hon'ble Member that all questions relating to the development and improvement of the transport facilities of the country will receive the sympathetic attention of the Board.

"My Lord, I may conveniently take this opportunity of referring to the position which will be occupied by the Railway Board. The Resolution published in the *Gazette of India* of the 18th February last makes it clear that the Board is a body outside the Government of India. Legislation has recently been carried out to enable the Government of India to delegate the powers that they possess under the Indian Railways Act of 1890 to the Board, and the greater part of the powers conferred by that Act has, as was explained in the Resolution issued in the Commerce and Industry Department on March 24th, been delegated to the Board. The object of the Government of India has been to create an authority capable of itself dealing finally with the technical aspects of railway administration and to reserve for their own decision only deliberative matters of higher policy. The functions of the Railway Board are of two kinds, *viz.*, administrative and deliberative. Among the former are the construction of new lines by State agency, the carrying out of new works on open lines, the improvement of railway management with regard both to economy and public convenience, the arrangements for through traffic, the settlement of disputes between lines and the control and promotion of the staff on State lines. The deliberative functions include the preparation of the railway programme, the larger questions of railway policy and economy. In the exercise of the latter functions the Board will act as the adviser of the Government, whose conclusions will not be arrived at without the advice of the Board. And it has been provided that opportunity shall be given to the Chairman of the Board of placing the views of that authority personally before the Council when this is necessary. All communications whatever connected with railway administration, whether they deal with technical questions or with matters in which commercial interests are involved, must be addressed to the Railway Board, who will forward with their recommendations to the Government of India those relating to matters reserved for the determination of Government.

"In speaking on the motion that the Bill empowering the Government of India to give to the Railway Boards powers under the Railways Act of 1890 should be passed into law, the Hon'ble Rai Sri Ram Bahadur spoke with appreciation of the arrangements which have been made for the comfort of third class passengers on the Oudh and Rohilkhand Railway, and urged that the Railway Board should take up this question in regard to other railway lines. He has again referred to this question today, and the Hon'ble the Maharaja of Darbhanga has pressed the importance of effecting radical improvements in the treatment of third class passengers. Both these Hon'ble Members have referred to the proceedings of the representative Conference of Indian gentlemen assembled at Lucknow in December 1903, at the invitation of the Oudh and Rohilkhand Railway, to consider what arrangements could be suggested for the comfort and convenience of the third class passenger. The amelioration of the conditions under which the third class passenger travels is regarded as of great importance by the Government of India—who are gratified to learn that the public appreciate the reforms effected by the Oudh and Rohilkhand

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Railway. The proposals made at the Conference have been discussed with other railways in India and the Railway Board have already taken the question into their consideration.

“The Hon'ble Rai Sri Ram Bahadur has asked that the communication by rail between Allahabad and Lucknow should be made more direct. It was only on January 1st last that these two places were brought into more direct communication than before by the opening of the Allahabad-Fyzabad Railway. The further step of connecting Allahabad with Rai Bareilly, which would shorten the distance by a little less than thirty miles, will probably be taken some time, but there are many more urgent projects before the Government of India, and there is no present intention of undertaking this work.

“Your Excellency, in speaking on the Financial Statement for the current year, referred to the proposal to create an Imperial Customs Service. That proposal has been matured by the Government of India, and is now before the Secretary of State, whose orders in respect of the scheme are awaited. Complaints have been frequently made by those engaged in trade that practices to which they have become accustomed at one Indian port are objected to at another, and that facilities which are accorded without question by one Collector of Customs are withheld by another. What the mercantile community contend is, that there should be certainty in the operations of the Customs Department, and that an article should be subjected to the same treatment whether the place of import is Calcutta or Bombay, Rangoon or Karachi. The Government of India consider this contention to be perfectly reasonable, and trust that the institution of an Imperial Customs service, which will, they hope, not be long delayed, will remove many of the objections which have arisen in the past to the manner in which customs-duties have been levied.

“The Hon'ble Mr. Baker has already intimated that the weight which can be sent by the inland post for the half-anna rate of letter postage is to be raised from one-half to three-quarters of a tola. This change will take effect from April 1st. The Government of India hope that the weight may eventually be raised to one tola; but this change, since it would necessitate a revision also of other rates of postage, would involve a very large amount of expenditure which would not be at present justified in accordance with the principle stated by Mr. Baker. I am able to announce that the insurance fees charged on articles transmitted by the inland and foreign posts will be reduced to half the present rates with effect from 1st July next. The following additional concessions will come into effect at once: firstly, following the practice in Great Britain, the Director-General of the Post Office has been authorised to pay compensation, as a matter of grace and up to a limit of Rs. 25, for the loss or damage to registered inland letters, packets or parcels; secondly, permission has been given to the public to enter written or printed communications on the address side of postcards of private manufacture; thirdly, the prohibition against the use of stamps of embossed envelopes for newspaper wrappers or postcards in payment of postage has been removed. This concession will not, however, extend to stamps cut from registration envelopes, as, for departmental reasons, it is considered necessary that the use of such stamps should be strictly limited to registered articles.

“The Hon'ble Mr. Cable has referred to the question of introducing a unified stamp. This has been long under discussion. There seems to be a general impression that it was abandoned because the Government of India found it difficult to determine how to apportion the receipts from the sale of the unified stamp between themselves and the Provincial Governments. This was not the case at all. The Government of India were perfectly ready to adopt the unified stamp, but insisted that, if postage stamps were to be used for revenue as well as postal purposes, the practice of penmarking postage stamps on letters must be prohibited. Owing to the opposition raised to this proposal in certain business quarters the idea of a unified stamp was abandoned. The Government of India, after considering the matter again, are satisfied that its introduction will be of great convenience to the public, and have accordingly determined to

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recommend at once to the Secretary of State that the one-anna and half-anna postage stamps should be made available for use as receipt stamps, and also for all documents chargeable with a one anna stamp under the General Stamp Act. From the date on which this proposal takes effect it will be necessary to enforce the rule that already exists, namely, that stamps on letters must not be pen-marked. Enquiries made some time ago showed that the proportion of letters posted on which the stamps had been pen-marked was comparatively small. It seems more than probable that it has declined considerably in recent years. In any case, the Government of India do not think that the wish of a comparatively small minority, to continue to pen-mark the stamps on their letters, ought any longer to stand in the way of the introduction of a change which cannot fail to be convenient to the public generally.

"I will refer, my Lord, for one moment to the question of the establishment of a mail service between Aden and Karachi in connection with the general Eastern Mail Service. This proposal has been frequently before the Government of India, who are in sympathy with those who would wish to see the service established. The question is entirely one of cost. The Treasury has definitely decided, and the decision is quite reasonable, that any expenditure incurred in the establishment of such a service must be debited to Indian revenues. The Secretary of State has been asked to ascertain the probable cost of a link line either by informal inquiries or by calling for formal tenders. When the matter was previously under consideration the only offer made was for a subsidy which was absolutely prohibitive, and the Government of India are not hopeful that any steamship company will be found ready to carry out the service on terms which they would be justified in accepting.

"The Hon'ble Mr. Cable has inquired whether the Government contemplate any further reduction in telegraph rates. The returns of business of the Telegraph Department show that the revised inland rates introduced from the 1st January 1904 have been much appreciated by the public. The number of private telegrams sent at the unit rate of 4 annas in the calendar year ending 31st December 1904 was 1,697,889, or 31·66 per cent. of the total deferred private traffic. The total number of private deferred telegrams, which in the calendar year 1903 was 3,750,477, rose in 1904 to 5,362,715. The value rose from Rs. 42,28,333 to Rs. 45,49,364. This large increase in the number of private deferred telegrams has been accompanied by an increase of urgent private messages from 255,808 to 305,696, and a decline in ordinary private messages from 1,186,627 to 1,163,985. Including Press and State messages, the number of messages issued by the Telegraph Department was in 1904 7,664,726 compared with 6,049,845 in 1903. The Government of India have at present under their consideration a proposal to place deferred telegrams on the same footing as urgent and ordinary telegrams by allowing ten words for the unit charge of four annas, inclusive of the address, instead of six words in the address and four in the text.

"In March 1902 the cost of telegraphing to Europe was reduced from 4 shillings to 2-6d. a word in the case of ordinary messages, and from 1-4d. to a shilling a word in the case of press messages. Your Excellency referred a year ago to the encouraging results of this experiment. The number of words sent in ordinary messages between India and Europe in 1901, the last complete year in which the old rates were in force, was slightly under 2,200,000. In 1902 (during ten months of which year the new rates were in force) it rose to 2½ million words; in 1903 to over 3 million words, and in the first 10 months of 1904 to 2,700,000, so that we may estimate the total for last year at 3¼ million words. The Government of India are entitled to claim a further reduction to 2 shillings a word so soon as the revenue of the Cis-Indian Joint Purse reaches £352,000 over the average of the previous three years. The latest returns indicate that these figures are being approached, and I trust that the public will not have to wait much longer for the reduction of the cost in the case of ordinary messages to 2 shillings a word, and in the case of press messages to 8d a word.

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“The Telegraph Department, and specially Mr. Simpson, who was responsible for the success of the experiments, are to be congratulated on Port Blair in the Andamans and Slipper Island having been brought into telegraphic communication with the rest of the world on the 10th of February last by the establishment on that date of wireless telegraphic communication between those two places and Diamond Island, which latter place was already connected by cable with the general telegraphic system of India. Since that date service messages have been daily exchanged between Diamond Island and Port Blair, a distance of a little over 300 miles. It is hoped that with the installation of more powerful instruments within the next three months communication will be secured at all times, and that it will then be possible for this extra service to be thrown open to the public, and that it will prove to be a great benefit to the shipping of the Bay of Bengal and to the Meteorological Department. For the benefit of the shipping of the port of Calcutta and the Meteorological Department arrangements are also being made by the Telegraph Department to connect Saugor Island with two stations, one on the Pilot Brig and the other on the Eastern Channel Lightship, by means of wireless telegraphy.”

The Hon'ble SIR DENZIL IBBETSON said :—“My Lord, before I turn to the main subject upon which I propose to address the Council, I should like to correct a misapprehension under which my Hon'ble friend Mr. Bose is labouring, as regards the appointments to the Public Works Department which are to be made by the Secretary of State. He tells us that, whereas under the rules in force at Cooper's Hill certain appointments were open to Indians, the new appointments are for Europeans only, so that 'an absolute bar' has been created to the entry of Indians into the Imperial service. He has not realised that the appointments to which he refers are in addition to, and not in substitution for, those from Cooper's Hill. The latter will be made as usual, so that the appointments which are open to Indians remain untouched.

“I propose to confine my remarks today in the main to the subject of agriculture—a subject which has of late been very much before the public. It is still not quite three-and-a-half years since the appointment of an Inspector General gave the Imperial Agricultural Department for the first time an expert head, and placed us in a position to enlarge the scope of our own operations, and to co-ordinate the useful work which was being done on independent lines in various provinces; and already we have found it necessary to apply to the Secretary of State for a trained agriculturist to act as his Assistant. When Mr. Mollison was appointed, our Imperial staff consisted of an Agricultural Chemist, and a Cryptogamic Botanist of a few months' standing. It now includes six experts highly qualified in various branches of science as applied to agriculture, while a seventh has been sanctioned, but not yet appointed. At that time a trained Deputy Director of Agriculture was to be found only in Madras, Bombay, and the United Provinces; while the Economic Botanist in Madras was the only provincial representative of the more specialised branches of the subject. Since then expert Deputy Directors have been sanctioned for Bengal and the Punjab, and we are asking for one for the Central Provinces; the United Provinces now have an Economic Botanist of their own, and Bombay a Professor of Botany; while a Professor of Agriculture and an Agricultural Chemist have been sanctioned for the Poona College, and a similar strengthening of the staff of the Madras College at Saidapet is under consideration. Thus within the 3½ years of which I have spoken, our staff of 6 has expanded to 20 appointments, of which 6 have yet to be filled, since it takes time to secure the services of competent men, even in England.

“In 1903 I sketched the scheme of an Institute of Agricultural Experiment, Education, and Research which was to be started at Pusa. The scheme was at that time very much in the rough, and had still to be worked out in detail and to be submitted for the Secretary of State's approval. Since then his sanction has been received, the Pusa property has been taken over from the Bengal Government, the arable land, which had been under grass for some time, has been got into order, and experimental cultivation has already begun. Estimates

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for buildings amounting to 16½ lakhs have been prepared, good progress has been made with the residences for the staff, and next autumn the experimental and research work of the Imperial experts will be transferred to Pusa. Work has been begun upon the main building, which is to be called the Phipps' Laboratory, and is to cost 7½ lakhs when complete (including the 3 lakhs provided by Mr. Phipps' munificence), and of which His Excellency the Viceroy has kindly consented to lay the foundation stone next Saturday. It is hoped that the building will be complete, and the whole institution in full working order, within two years from now. The superior staff has, with one exception, already been appointed and, pending the completion of the College, is employed upon experimental and research work; while it is at the same time training three out of the six Indian gentlemen who are to act as Assistant Professors when educational work is started. Of these, the Assistant Biological Botanist is to be sent to England and Ceylon to complete his special preparation for his duties.

"Following the precedent of the Board of Scientific Advice which was constituted some three and a half years ago, with the object of co-ordinating the operations of our various scientific departments and securing from their investigations the maximum of practical benefit, and from the institution of which we have already derived much advantage, we have constituted an Advisory Board of Agriculture, upon which all branches of the subject are represented both by Imperial and by Provincial officers. It held its first meeting at Pusa a few weeks ago, and a summary of its proceedings and recommendations has already appeared in the papers. I have no doubt that we shall derive as much benefit, and of a similar nature, from the advice of this body, as we derive from that of the Board of Scientific Advice. And apart from this, the mere meeting together at regular intervals of experts employed upon the various branches of this great subject in different parts of this great country, must do real good by promoting the interchange of experience and ideas, and by stimulating that scientific enthusiasm which lies at the root of the best work.

"Recent events have directed special attention, both here and at home, to the improvement of Indian cotton. The problem is not a new one, as it has occupied the Government of India from time to time since early in the last century. The latest special attempt to solve it was made during the cotton famine which followed upon the American Civil War; like previous efforts, it was directed mainly to the introduction of exotic varieties and was founded upon no basis of scientific knowledge; and like them, it failed to effect any general or lasting improvement. But it was useful as proving beyond doubt that the problem had not been attacked from the right direction, that for the most part foreign cottons are unsuited to and undergo rapid deterioration under Indian conditions, that we cannot hope to compete with the products of America and Egypt, simply by importing seed from those countries and distributing it broadcast among our cultivators, and that our best hope of success lies in the improvement of the indigenous types upon lines indicated by modern science. It is accordingly in this direction that the Agricultural departments are chiefly working to-day. When the Inspector General of Agriculture was first appointed, he was desired to devote his special attention to cotton, which, notwithstanding the shortness of the Indian staple, is still one of the most valuable and important of our crops, since it is grown on an average area of some 10 million acres, and occupies the first place in our export trade. Mr. Mollison had been impressed by the good results obtained in the United States by plant-selection and cross-breeding, and he initiated experiments on similar lines. These experiments have till recently been concentrated in the Bombay Presidency, which is our chief cotton-growing province, but they are now being extended to other tracts as the skilled agency which is required for them becomes available. Attention has also been directed to the acclimatisation of exotics in the North-West of India, and especially in Sind, where there is still a possibility that under favourable conditions of soil and climate, and with the help of cheap irrigation, some of the foreign varieties may be adapted to Indian environments. Meanwhile,

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we are taking stock of the plants with which we have to deal; and a botanical survey of Indian cottons was started some years ago and is in active progress, which will serve as the scientific basis on which practical experiment must rest. It will be seen that we are still in the region of investigation and enquiry, and that much patient work must be achieved before definite results can be hoped for; for, as I remarked two years ago in connection with jute, a plant will only consent to ripen once a year, and will not allow itself to be hurried. But I believe that we are working on the right lines; our experiments already hold out promise of success; and I confidently look for good results.

"We have heard a great deal lately about the 'deterioration' of the Indian staple, and there is little doubt that in some parts of the country genuine deterioration has taken place, which has been due in the main to the indifference of the Indian cultivator in the matter of seed, to his neglect to keep the local varieties separate, and above all, to the substitution of machine for hand ginning, which has very greatly increased the difficulty, both of separating varieties and of selecting seed. But it must be remembered that deterioration from the point of view of the Lancashire manufacturer is by no means necessarily deterioration from the point of view of the Indian cultivator. The former demands a long staple, while the latter desires a paying crop. And much of the so-called deterioration, of which we hear complaints, is due to the deliberate substitution by our cultivators of shorter and coarser for longer and finer stapled cotton; since the former plant is more hardy than the latter, and less liable to injury from drought or excessive rain or insects, it can be planted later, so that a late monsoon can be awaited, it ripens earlier, so that nothing is to be feared from frost, and if the produce fetches a lower price per pound, the yield is so much larger as to more than make up the difference, while markets close at hand are ready to absorb the whole production.

"The fact is, that the problem is largely a commercial one. If we can produce a cotton which will pay our husbandmen better than the one they now grow, they will adopt it fast enough; and if the new produce is at the same time better suited to industrial needs than the present one, so much the better for every body. But the prices upon which the comparison is based must be average ones, which can be depended upon with some certainty from one year to another; and we should, in my opinion, incur a grave responsibility if we applied an artificial stimulus to the cultivation of long stapled cotton, on the basis of prices which are possibly, if not probably, purely accidental; for we may be very sure that Lancashire will buy no cotton from us that she can get cheaper elsewhere.

"And it is because the problem is so largely a commercial one, that I so cordially welcome the association of commercial men with us in our endeavours after improvement. At the instance of the British Cotton Growing Association we have contributed a moiety of the expenditure, subject to a maximum of £3,000, upon the experimental work which has been undertaken by a Calcutta Syndicate. I need hardly say that all the expert knowledge and experience which are at our command have been placed at the disposal of the Syndicate. But to my mind, the most promising feature of the undertaking is, that the purely experimental stage once completed, the work is to be conducted on a commercial scale, under commercial guidance, and with a strictly commercial object.

"Meanwhile, we have endeavoured to do something to assist and encourage the cultivator to make use of selected seed. As I have said already, the establishment of improved varieties must be a work of time; and when they have been established, it will be necessary to start seed farms on a considerable scale to act as distributing centres. But without waiting for that, we have endeavoured to effect some improvement on less ideal but less dilatory lines. Taking the local cotton crops as they stand, the Local Governments are collecting the produce of selected fields or plants, having it ginned separately, and distributing the seed to careful farmers on easy terms. It is impossible that improvement should not result from this process, if steadily applied to successive generations of plants, since even if the local variety is a poor one, its best seed

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- will still give better results than its worst ; and we have, in the past year, devoted Rs. 25,000 to the purpose, while Local Governments have expended a similar amount from their own resources.

• “Such, my Lord, is a brief sketch of the advance which we have made in the development of our Agricultural Department during the past three years. In 1902-03 the total net expenditure upon the Department was $9\frac{1}{2}$ lakhs. The revised estimates for the past year show a corresponding figure of $14\frac{1}{2}$ lakhs. which represents an increase of 52 per cent. ; while the budget estimates for the coming year provide for expenditure amounting to 18 lakhs, or very nearly double that of 1902-03. That is independent of buildings, upon which $1\frac{3}{4}$ lakhs have been expended this year, and 3 lakhs provided for next year. So again in the Civil Veterinary Department. In 1902-03 we still had sole charge of horse-breeding, so that the figures are not comparable. But the revised estimates for 1904-05 amount to over 11 lakhs, while provision has been made in the present budget for an expenditure of over $14\frac{1}{2}$ lakhs, representing an increase of 32 per cent.

“That is the normal ordinary growth of the expenditure ; and if measured by percentages of increase, it cannot, I think, be regarded as otherwise than satisfactory. But we have been repeatedly told of late by the Press, both English and Indian, by Hon’ble Members of this Council, and by the authorised representatives of commercial interests, that the amount of this expenditure is wholly inadequate if measured by the importance of the subject to which it is devoted ; and for my own part, I have always been entirely of the same opinion. I have explained, however, more than once, and last year in some detail, in answer to the Hon’ble Mr. Hamilton, why it is impossible, and why if possible it would be unwise, to attempt too sudden an advance ; our main difficulty being the deficiency of trained agents and the absence of the means of training them. These two needs, it is hoped that the Institute at Pusa will help us to supply. But if the initial difficulties which confront us make any attempt to emulate (for instance) the example of America, which has been repeatedly held up to us for imitation, inadvisable until we have a larger qualified agency at our disposal, they need not prevent us from progressing upon more modest lines, in such manner and to such an extent as our existing means, both financial and professional, may appear to justify ; and accordingly, in addition to the normal growth of expenditure to which I have just referred, a special grant of 20 lakhs for the further development of agricultural experiment, instruction, and research, has been provided in the present Budget, with the hearty approval of both the past and the present Financial Member.

“At present the money appears under the head of Imperial expenditure, because until we have ascertained from each Local Government what it considers to be its most immediate needs, and how it proposes to supply them, it is impossible to make a satisfactory allotment among the various provinces. We are consulting them upon the subject, and we are sending for their consideration suggestions drawn up by the Officiating Inspector General of Agriculture, and indicating the general direction which, in his opinion, development may most advantageously follow during the next few years. These suggestions, if adopted in their entirety, would cost considerably more than is at present available, and would in any case take several years to carry into complete effect ; and the various proposals which they embody will naturally commend themselves to different Local Governments in varying degrees, and in different orders of urgency and importance. But we believe that the general proposals are on sound lines, and that they probably represent as great an advance as can wisely be attempted for some years to come.

“I will briefly indicate their nature. I do so with the more confidence, because there really seems to be very little difference of opinion about what is first to be done. We have been favoured with a great deal of advice lately in the public Press ; and really, when reading some of the articles, I have

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almost wondered whether I had not written them myself, or whether they had not been compiled from notes already on record in my office.

“ Last year, when addressing this Council, I said—‘ What we want in India, and what I hope we shall never be satisfied until we get, is an experimental farm for each considerable area of which the agricultural conditions are distinctive, supplemented by demonstration farms in every district.’ Mr. Sly’s first suggestion, which would constitute an important step towards this ideal, contemplates 19 additional experimental farms of from three to five hundred acres each, so as to allow of seed production and distribution on a considerable scale, in addition to experimental and demonstration work. Six of these would be in cotton tracts, and three would be exclusively cotton farms, in charge of special experts. To these he would add, for the present, 100 demonstration farms of from 10 to 50 acres each, in charge of agricultural assistants, and with an inspector for each group of ten. Our second great need is to still further strengthen our expert staff, both Imperial and Provincial; for our present experts complain that their time is so fully occupied by miscellaneous references—all of them important in their way—that they find it impossible to settle down to the attack of really big problems. Mr. Sly, therefore, would strengthen the Imperial staff of experts by the appointment of five Agricultural Entomologists to deal with the groups of insects which are most important from the cultivator’s point of view, of six experts specially acquainted with the scientific aspects of the cultivation or production of wheat, rice, cotton, sugar, tobacco, and silk respectively—indigo, jute, and tea being already the subjects of scientific enquiry, either wholly or partly at Government expense—and of five assistants and understudies to the Agricultural Chemist, the Economic Botanist, the Agriculturist, the general Entomologist, and the Mycologist—in all an addition of sixteen appointments to the existing staff. He would also give each province of importance a trained Agriculturist, an Agricultural Chemist, an Economic Botanist (with an Assistant in Bombay and Madras), a Mycologist, and an Entomologist of its own; a proposal which would entail 33 new appointments. I am afraid, *pace* the Hon’ble Mr. Gokhale, that we shall have to go outside India for most of our men; for I doubt whether India will be able to supply us with them. That we would willingly avoid this necessity, if we could do so without the sacrifice of efficiency, is shown by the fact that we are already training Indian Assistant Professors, instead of importing them ready-made from England; and I hope that the high education which we propose to establish at Pusa will in future enable us to maintain our establishment from local sources. But if that hope is to be fulfilled, we must start with a staff of the very highest efficiency. Our third great need is educational. Mr. Sly proposes to raise the Cawnpore and Nagpur Schools to the status of Colleges, to strengthen the staff of the Saidapet College in Madras, and to found new Agricultural Colleges in the Punjab and Bengal. Finally, he suggests a reform to which I personally attach the very greatest importance; and I am glad to find that I have the Hon’ble Rai Bahadur Sri Ram with me in the matter. It has become apparent for some time past that, at any rate in the larger provinces, the combined duties of the Directors of Land Records and Agriculture have grown into a burden heavier than one man can fairly be asked to support; and if the scope of operations is to be enlarged on the very considerable scale which is now contemplated, it will become simply impossible for a single man to do justice to both subjects. Mr. Sly proposes, therefore, to appoint a separate Director of Agriculture in each of the larger provinces, on such arrangements as regards pay as shall secure the continuous services of a picked man for a considerable term of years.

“ Nor, let me assure the Hon’ble Mr. Hare, have the cattle which form the main implements of husbandry been overlooked, for we have throughout construed ‘ agricultural ’ so as to include ‘ veterinary ’ progress, and the Civil Veterinary Department is intended to share in the 20-lakh grant. A memorandum, similar to that prepared by Mr. Sly, has been drawn up by the Inspector General of that Department, and will be forwarded to Local Governments. Our first need is to increase the number of Veterinary Assistants in charge of dispensaries, whether fixed or itinerating, who form the machinery by which the benefits of

[*Sir Denzil Ibbetson.*]

Veterinary science are brought to the door of the cultivator, and of the Veterinary Inspectors who superintend their work. Colonel Morgan suggests for the present an addition of 600 to the former and of 60 to the latter—a small enough number in view of the magnitude of the field of operations. But these men cannot be created ready made, and will have to be trained, a process which takes time. They will be employes of local bodies; for their chief concern will be with the cattle of the people, and I regard it as essential, if the best work is to be got out of them, that they should be subordinate, not to Government, but to the local representatives. The resources of District Boards throughout the country are being largely supplemented; and Local Governments can make them further allotments, if necessary, from their shares of the 20-lakh grant. To provide for this increase of establishment, and for its still further expansion, which I hope will continue until every tahsil in India has at the very least one fixed and one travelling dispensary, it is necessary to strengthen and enlarge our educational establishments at Lahore, Bombay, Calcutta, Madras, and Rangoon; and this forms the subject of Colonel Morgan's second set of suggestions. He further proposes to increase our present cadre of provincial superintendents by four, so as to provide for the due supervision of the increased establishment. And he desires to strengthen our expert staff, with special regard to that bacteriological research which has become of such great importance in the prevention and treatment of disease, and the urgency of which has been strongly pressed upon us by the Committee of the Royal Society who are good enough to advise us upon these matters. He also proposes to devote special attention to the diseases of the camel—an animal which still plays a considerable part in the land traffic of India, and which is of great importance to us from a military point of view. Finally, he urges Local Governments to endeavour, by the creation of breeding farms for the supply of bulls, to improve the indigenous breeds of cattle, by substituting for the present promiscuous and haphazard methods, a system of careful crossing and selection.

“As I have already said, the programme which I have thus briefly sketched is an extensive one, and can only be worked up to gradually; while the particular lines of advance which will first be followed in the several provinces must depend largely upon local circumstances. But I hope that those of our critics whose object is assistance, and not mere fault-finding, will find themselves in general agreement with our proposals, and that they will accept our action as justifying the assurance which I gave them last year, that we were no less strongly impressed than they themselves could be, with the vital importance of the subject. I have, I fear, occupied the attention of the Council for some considerable time. But I think that they will forgive me in view of the magnitude of the interests involved, and of the extent to which public attention has lately been directed to them.

“There is one small point upon which I should like to say a few words; and I do so, not because the matter itself is of any real importance, but because the explanation which I wish to offer has a bearing which extends far beyond the particular case to which it refers. When the Board of Agriculture which recently met at Pusa began its discussions, I found that it was proposed to communicate a somewhat full abstract of the daily proceedings to the public Press; and I immediately took measures to prevent this. It has been said—indeed I have myself been told—that the reason of my action was that the policy of a Local Government was criticised with considerable freedom during the first day's discussion, and that I wished to prevent the publication of such criticism. Nothing was further from my mind. I had heard nothing of the criticisms in question; indeed I do not even now know what they were; and my object in acting as I did was to promote, rather than to stifle, freedom of criticism. My desire was that the experts who were assembled with the express purpose of advising us, should feel at liberty to criticise our orders and action with the utmost possible freedom, and should tell us without hesitation

[*Sir Denzil Ibbetson ; Sir Arundel Arundel.*]

where they thought we had gone wrong, and what they thought we ought to do. Now, I am happy to say that Government servants in India are imbued with a strong feeling of loyalty and of official propriety. And I felt, and still feel, that if these officers had known that what they said round the table today was to appear to-morrow in the morning papers, they would have been materially hampered in the free expression of their views. That result I desired to avoid.

"The principle upon which I acted has a very wide application. One of the peculiarities of our Indian system is, that almost every proposal of substantial importance is submitted, before a decision is arrived at, for the opinion of the great body of officers who are engaged in the practical work of administration in the districts, and upon whom will ultimately fall the duty of giving practical effect to our conclusions. The practice is no doubt a dilatory one; but to my mind it possesses advantages which far outweigh any delay that may result from it, since it keeps the Administration in close touch with the Executive, and ensures that general propositions shall be examined with special regard to their adaptability to the detailed machinery of Government. To secure the full benefit of the system, it is essential that officers, when advising the Government which they serve, should feel that they are consulted *quasi*-confidentially, and that they are not only at liberty, but are desired to express their opinions in the freest possible manner, and to support them by arguments and instances without reserve. But this they will never do if experience shows them that letters written by them for the information of Government, and without a view to publication, are liable to be published without their consent a few months or years later. And that is why I think that it is seldom desirable to publish such letters, at any rate on subjects not purely technical. Moreover, it is essential that one general rule should apply in the matter; since if one set of papers is published, while the publication of another is refused, conclusions are immediately drawn as to the nature of the latter which may be wholly unwarranted by the facts."

The Hon'ble SIR ARUNDEL ARUNDEL said:—"My Lord, there are two subjects on which I should like to make a few observations. While appreciating the interesting character of my Hon'ble friend Mr. Gokhale's speech, I must express entire dissent from his view that the land-revenue can be regarded as a tax on the land in the same way as the taxes on land in the United Kingdom and in the other countries he refers to. The land-revenue, as the Hon'ble Member will, I hope, admit, is the money equivalent, converted at a favourable rate to the raiyat, of the share of the produce to which the State as landlord or overlord, as the case may be, is entitled. What would the landlords of India say, to whom the State has relinquished the whole or a part of its rights, if they were called on to forego the income they derive from their share of the produce? And would the Hon'ble Member apply his theory to the Native States of India and reduce the Chiefs to poverty, and their Administrations to impotence?

"The Hon'ble Rai Sri Ram Bahadur has commented on the small number of Indians employed in certain Departments of the public service as compared with the number of Europeans and Eurasians, and the Hon'ble Mr. Gokhale has discussed the Resolution of May 24th, 1904, on this subject. But in drawing these comparisons it must be remembered that almost all Eurasians and some persons of pure European descent are statutory natives of India and have no other nationality, and are legally entitled to be included in the category of Natives of India equally with Hindus, Mahomedans, Parsees and Burmans.

"Of the Departments mentioned by the Hon'ble Rai Sri Ram Bahadur the only one with which I have to do is the Police, but I may remark *en passant* that the *Opium and Salt Departments* have drawbacks through exposure, solitude and difficulties about food which affect the European and the statutory natives less than others. The majority of the *Customs* appointments are connected with the Preventive Service and respectable natives of caste and position do not care to

[*Sir Arundel Arundel ; Major-General Sir Edmond Elles.*]

board steamers and to be brought into contact with, seafaring men. They are eligible for Appraiserships and some of these posts are held in Bombay by Parsees, but no Bengalee has yet, I am informed, been found conversant with the business.

"In the *Mint* the Europeans are chiefly foremen and mechanics trained in England and qualified natives are as yet wanting.

"In the Government of India Resolution of 24th May 1904, which examined the question of the proportionate employment of Europeans and Eurasians as compared with natives of India, two principles were laid down. The first is accepted by the Hon'ble Member, and his expression of it, which is wider than that of the Resolution, is that the Europeans 'should guide and control the affairs of the country,' this being in his opinion 'essentially necessary for its good government.' The second principle is, in the words of the Resolution, that the Government shall, outside the *corps d'élite*, as far as possible and as the improving standards of education and morals permit, employ the inhabitants of the country, both because its general policy is to restrict rather than to extend European agency, and because it is desirable to enlist the best Native intelligence and character in the service of the State.

"Now, it so happens that as regards the Police, the only department named by the Hon'ble Member with which I have to do, the Resolution published last Tuesday gives a good illustration of a practical application of this second principle. In carrying out the reorganization of the Police it is intended to appoint 219 Deputy Superintendents whose duties and departmental status will be the same as those of Assistant Superintendents and the salaries will rise from Rs 250 in 4 grades to Rs 500. These 219 posts are intended to be filled by natives of India, and, subject to approved fitness, selection from among them will be permitted for the post of District Superintendent. I hope that these arrangements, though adversely commented on by the Hon'ble the Maharaja of Darbhanga, will be welcomed by the Hon'ble Members whose criticisms I have referred to."

The Hon'ble MAJOR-GENERAL SIR EDMOND ELLES said:—"My Lord, I propose to make a short explanatory statement regarding the Reorganization and Redistribution scheme framed by the Commander-in-Chief, the details of which are now under the consideration of Government. The main lines of that scheme have been given by the Hon'ble Mr. Baker in his note; they are—

- (1) the formation of nine peace divisions (excluding Burma) which each furnish a war division on mobilisation as well as the troops for internal defence ;
- (2) the regrouping of the troops so as to bring them nearer the North-Western Frontier ;
- (3) the increase of the Field Army from four divisions and some extra troops numbering 81,000 to nine divisions numbering 139,000, excluding Imperial Service Troops in both cases ;
- (4) the provision of mobilisation equipment, including transport, for part of the existing Field Army and the extra divisions of the Field Army and stores and equipment for their maintenance in the field.

"In regard to the main features of the scheme I may say that Local Governments and the chief political officers were consulted last year and with trifling exceptions accepted them, including the contemplated use of the reorganised police force to aid in the maintenance of internal order.

"It will be readily understood that the great increase in the Field Army will entail a large outlay if it is to be kept ready for mobilisation, but apart from this there are several measures the cost of which are included in the general expenditure of 15 crores contemplated but which are not really an essential feature of the scheme and would have had to be taken up apart from it.

[*Major-General Sir Edmond Elles.*]

"The main item of expense of this class is the rearmament of the Field Artillery with quick-firing guns entailing a total cost of $2\frac{1}{2}$ crores. This seems a very large amount, but the cost is swollen owing to each gun now requiring three wagons instead of one, due to increased expenditure of ammunition with quick-firing guns. The next heavy item is the increase necessary to our reserves of field gun and small arm ammunition due to the experience gained of the enormous expenditure of both natures in the present Russo-Japanese war. There is further the necessity for providing for the heavy replenishment of ammunition in the field by manufacture at a rate not hitherto contemplated, and we have consequently decided to extend the Cossipore Shell Factory to meet the demand for gun ammunition during war. The third heavy item of expenditure is due to the necessity for increasing the number of horses with our field artillery owing to the increase of wagons and also to the provision of larger ammunition columns. These three items hang together and would be necessary apart from the Commander-in-Chief's scheme proper. The next large item will be the maintenance of an increased number of transport corps and a larger reserve of remounts due to the increase of the field army. The fifth item will be a considerable increase to the number of officers in the Indian Army which cannot now furnish sufficient regimental officers to allow for the inevitable wastage under the modern conditions of warfare.

"There remains the Building programme due to the necessity for redistributing the Army. The present distribution is practically based on the outcome of the Mutiny and is unsuited to existing conditions and the increased facilities of railway communication; the necessity for the measure has long been felt, but from various causes—mainly financial—it has been recognised that the time was not propitious.

"Apart from the above causes it has become desirable to bring up more native troops from Southern and Western India towards the Punjab, because in many cases the local regiments have been reconstituted from Northern races and it is both politic for recruiting and also economical to quarter regiments nearer their homes. Government fully recognise that it is unwise to show undue haste in pushing on the programme, in fact it is still being worked out by the Commander-in-Chief as there are many questions to be examined. It will receive the fullest consideration of the Government of India before acceptance in view to obtaining the desired result at the smallest cost. Finally there are some minor additions to the Army, such as mounted infantry battalions, mountain batteries, railway companies, *et cetera*, involving recurring expenditure, but no final decision (except for an increase of one Railway Company) has yet been come to in regard to them. In any case their formation would be postponed to the last year of the scheme to minimise the expense.

"It will be understood that in questions affecting mobilisation the military authorities are unwilling to publish more details than is absolutely necessary, and the Members of this Council will not, I am sure, press us for information which it would be undesirable to give.

"In regard to the general financing of the scheme the Government of India are convinced of the necessity for increasing the Field Army and have the full approval of His Majesty's Government. Government consider themselves most fortunate in being able to finance the scheme without pressing on the tax-payer owing to the great prosperity of this year and the good prospects for next year. Suggestions have been made that the scheme should be financed by a loan. So long as the revenues of the country are sufficient not merely to bear the heavy administrative charges that have been placed upon them, but also to admit of two great reductions of taxation in two years, it does not seem unreasonable that we should pay with the means that we possess instead of saddling future generations who will doubtless have calls and burdens of their own.

"I would acknowledge the moderation of the Hon'ble Sri Ram's remarks, but I must take exception to the remark that military expenditure has a disturbing influence on the finances. I cannot see how the Hon'ble Member's

[*Major-General Sir Edmond Elles; the Lieutenant-Governor; Mr. Baker.*]

contention can be maintained when it has been met from revenue accompanied by reduction of taxation. The Hon'ble Mr. Gokhale has made his usual and sweeping denunciation of the increase in military expenditure and has pressed the question of enforcing Imperial responsibility for the cost of our measures. This is a task which I am afraid is beyond our power, and the Hon'ble Mr. Gokhale must try and have it fought out on the floor of the House of Commons, but I am afraid it will be hard to convince the British tax-payer that he should pay."

His Honour THE LIEUTENANT-GOVERNOR said :—" My Lord, I do not consider it necessary for me ordinarily to occupy the time of this Council by taking any considerable part in this Budget discussion; and I have therefore only two remarks to make. In the first place, I desire to congratulate my Hon'ble friend Mr. Baker on the Budget itself, on the manner in which his Financial Statement has been made, and on the favourable reception which it has met with from the Council and from the country generally.

"In the second place, I think that it might seem ungracious in me, were I altogether to omit to give expression to the thanks which the Government of Bengal owes to Your Excellency's Government for the careful and sympathetic consideration which has been given to the needs of this province, as indicated in some of the provisions of the Budget. We gratefully acknowledge the substantial assistance given to District and Local Boards; the promised help for agricultural improvement and the co-operation in respect of protective irrigation; the sorely needed grant for primary education, which is in some respects more backward in Bengal than anywhere; and the liberal allotment towards the inauguration of the important police reforms which have been decided to be necessary.

"I think that there must perhaps necessarily be some difficulty in getting the Government of India to appreciate local needs and that Your Excellency's Government has been more ready to recognize the needs of Bengal than some of your predecessors. It is therefore with no envious eye that I see a similar appreciation of special local needs in the settlements which have been concluded with the Governments of Bombay and the Punjab, on which I venture to congratulate Your Excellency's Government".

The Hon'ble MR. BAKER said :—" Before replying to the remarks of Hon'ble Members, I should like to express the acknowledgments of the Government of India for the congratulations which have been addressed to us in regard to the Budget. Personally, I have no claim whatever to share in those compliments, for the state of our finances, which rendered the Budget possible, had been assured long before I assumed charge of my office from my predecessor. Indeed, if credit is due to any one person for what it has been possible to do on this occasion, that person is, I think, Sir David Barbour, whose courageous and far-sighted measures of twelve years ago sowed the seed of which we are now reaping the fruits.

"I do not propose to follow each individual speaker through the details of his address. Some of the subjects discussed do not fall within my province to deal with. Others are not of sufficient importance to call for individual reply.

"But there are three features which stand prominently out from the discussion as a whole.

"Firstly, there is a general expression of approval of the measures which we have decided to adopt both for the remission of taxation and for the improvement of the civil administration.

"Secondly, we are invited to incur large additional sacrifices of revenue in order further to lighten the burden of taxation on the land.

"Lastly, vigorous dissatisfaction has been evinced at the growth of the military charges and of the decision that the whole cost of the Tibet Mission should be debited to India; and the opinion has been expressed that, if these charges are unavoidable, the United Kingdom should be called upon to contribute towards them.

[*Mr. Baker.*]

"I shall make some remarks upon each of these matters and shall then offer a few observations on certain other points that have been raised by some of the Hon'ble Members.

"Turning then to the first of the three points which emerge from the observations of Hon'ble Members, it is a source of gratification to us to find that the fiscal measures which we have decided to adopt, both in respect of the remission of taxation and increase of civil expenditure, have been so favourably received. In particular, it is satisfactory to find that general approval is expressed of the further reduction of eight annas in the salt-tax. I take note of Mr. Cable's doubt whether the remission of duty has really reached the retail consumer, and whether it is not in fact a sacrifice of revenue which benefits no one except the middleman. I have heard similar doubts expressed in other quarters. One gentleman, who is in a good position to form an opinion, has gone so far as to suggest that if the Government of India were to abolish all taxation on salt and to withdraw from all interference whatever with the trade, the average retail consumer might actually have to pay more for his salt than he does now. It is true that in the United Kingdom, where salt is untaxed, the retail price for small quantities is often a penny a pound, equivalent to Rs. 5 a maund, and that this rate exceeds anything ordinarily found in India, even in Assam. But it seems to me unprofitable to discuss hazy conjectures of this kind which there is not the remotest likelihood of realizing. Last year, we made certain enquiries in order to ascertain what had been the actual effect on prices of the reduction of duty made two years ago. The result of these was stated by Sir Edward Law in paragraph 41 of the Financial Statement. This year we have made similar enquiries, but I cannot say that they carry us much further. I fear that the attempt to prove a reduction of price by direct evidence must be given up. But we can arrive at the desired end in another way. After all, prices are only important as an index of consumption; and we have full and complete figures for the latter. I have taken out the figures of issues of salt in India, excluding Burma, for each year since 1882, when the duty was made uniform throughout India. I have arranged these in groups of three periods. The first of these extends from 1882 to 1888, during which the duty was Rs. 2 a maund. The average increase in consumption during these six years was 668,000 maunds a year. The second period extends from 1889 to 1903, during which the duty was Rs. 2-8 a maund: and the average rate of increase fell to 272,000 maunds a year. The third and last period includes only the two years 1903-1904 and 1904-1905 following the reduction of the duty, and during these years the average increase has risen to 1,270,000 maunds a year. The rise was greater in the latter than in the former year.

"Now, I readily admit that a term of two years is not sufficiently long to enable us to draw any very positive conclusions. But when we find that an increase of duty in 1888 was followed by a substantial reduction in growth of consumption, and that an equal remission of duty in 1903 has, so far, been followed for two years in succession by a very large increase, I think we are justified in regarding it as at least presumptive evidence of a connection between duty and consumption. I recognize the justice of Mr. Cable's suggestion that the increase of consumption may in part be due to the same cause as that which has enabled us to reduce the duty, *viz.*, the general prosperity of the country. But I am disposed to think that the difference in the rates of growth is too great to be fairly explained in this way. If the rate of development should now be found to continue for a further series of years, I think we shall be on sure ground in holding that the reduction of duty has really penetrated to the mass of the population. In any event the reduction in duty which is being made now cannot fail to make the reduction of 1903 more effective.

"While on this subject, I should like to observe that I do not share the view that the salt-tax, even when levied at a higher rate than at present, presses with appreciable severity on the people. A fall in retail price may perhaps result in more salt being supplied to cattle, and if that is the case it is undoubtedly beneficial. But so far as the people themselves are concerned, I am disposed to think that increased issues of salt merely mean increase of waste.

[*Mr. Baker.*]

There is a well-known story of a great manufacturer of mustard, who is reported to have said that he made his money, not from the mustard which people ate, but from that which they left on their plates. Similarly with salt, a cheapening of price will probably mean, not that people will actually eat more, but that they will be less thrifty and careful with that which they buy. The feature which specially commends itself to me in the reduction of the duty is the large and valuable financial reserve which it lays by for a lean year. That reserve is now about $3\frac{1}{2}$ crores a year, and will be of the greatest value in the event of an emergency.

"I now turn to the measures which various Hon'ble Members have commended to our notice with the object of relieving the agriculturist. These are three in number.

"In the first place, the Hon'ble Rai Sri Ram has put in a plea for a reduction or abolition of some of the local rates and cesses imposed on the land. The Talukdars of Oudh apparently share his views in this respect. I do not propose to discuss any questions as to the incidence of these cesses, whether absolute or relative. This was fully considered in the Resolution of the 16th January 1902, where it was shown that the only Provinces where the incidence exceeded 10 per cent on rental (or raiyatwari revenue) were Sind ($12\frac{1}{4}$), Madras ($10\frac{3}{4}$), and Coorg ($13\frac{1}{2}$). But I shall, I think, be able to show that after all they offer a much more limited field for the shears of remission than is commonly supposed.

"I have had a statement prepared showing the whole of the local rates raised from the land in the various principal provinces, according to the Revised Estimate of 1904-05, and the proportions in which the aggregate amount is divided between District Boards and Local Governments. The whole sum amounts to 4,24 lakhs of rupees.

"From this, however, we must deduct 32 lakhs, which represents the rural Police-rate levied in Agra and Oudh. These are the only provinces in which the village-watch is paid by a cess of this nature, and for purposes of comparison it must be eliminated. This leaves a sum of 3,92 lakhs. Of this, 2,31 lakhs goes to the District and Local Boards throughout India, and forms the backbone of their income. Now it is absolutely certain that there is no room for reduction here. On the contrary, it is well established that the resources of the Boards require to be strengthened if they are to discharge their duties efficiently, and our proposal to grant them a subvention from general revenues has been received with general approval today. Excluding this item there remains a sum of 1,61 lakhs, of which 75 lakhs are an asset of Provincial revenues, and 86 lakhs represent the proceeds of the cesses levied for village-officers, patwaris, and the like. Of the former sum we have already announced the remission of the famine-cesses in Northern India amounting to 23 lakhs. The remaining 52 lakhs represents the Public Works Cess which is levied in Bengal. Now it is well known that in consequence of the permanent settlement, the land in Bengal pays very much less proportionately than in any other part of India, and no question of reducing the rate could be contemplated without injustice to other provinces. I am a Bengal officer myself, and yield to no one in my sympathy for and loyalty towards my own province. But I cannot honestly admit it has any claim whatever to a reduction of its burdens on the land. The only item that remains is the 86 lakhs levied on account of patwaris and village-officers. I will not now refer to the history of the patwari-cess in the United Provinces, though that throws grave doubt on the reality of the benefits to be derived by the cultivating classes from the abolition of the cess. But even if, for the sake of argument, it be admitted that it would be an ideal system to impose no local rates at all on the land except those levied by or for the local authorities—and this is a very large assumption indeed—yet it is manifest that such a measure, when carried out to its fullest extent, would only carry relief to the extent of 86 lakhs a year divided among a population of 81 millions, or about one anna and eight pies a head.

"To carry this out on the present occasion, we should have had either to restrict the reduction of the salt-tax to 4 annas a maund, or to withhold the

[*Mr Baker.*]

subvention of 56 lakhs a year to the District Boards and the grant of 35 lakhs for primary education. When it is further remembered that it is extremely doubtful how far the remission would reach the cultivating classes at all, I think it cannot reasonably be doubted that our choice was the better one.

“ The second suggestion emanates from the Hon'ble Mr. Bose, who has asked that on some future occasion some relief may be accorded to the agricultural classes by reducing the maximum limit of assessment to land-revenue.

“ The request is put forward with characteristic fairness and moderation, and I think there is nothing in what Mr. Bose has urged that is inconsistent with the policy laid down three years ago in the great Resolution of the 16th January 1902, which is the *locus classicus* of the Government of India in respect of the land-revenue administration. It was there demonstrated that progressive moderation is the keynote of the policy of Government, and that is really all that the Hon'ble Member virtually asks.

“ The Resolution on assessments will very shortly be supplemented by orders laying down definite and liberal rules in regard to remissions and suspensions. The present Budget contains abundant evidence of the policy of Government in this respect,

“ It is of course possible that in particular areas or districts there may be individual cases in which the intentions of Government have not been given full effect. If any well authenticated cases of this kind should be brought to light, they will receive the earnest and sympathetic consideration of the Local Government and the Government of India. But so far as general rules or principles are concerned, the policy of Government and that advocated by the Hon'ble Member are identical.

“ Mr. Gokhale has put forward somewhat startling proposals for the wholesale reduction of the State demand on the land and the composition of agricultural debts. It is, of course, impossible to consider so far-reaching and even revolutionary a project in the present debate. I express no opinion whatever on the Hon'ble Member's scheme itself, one way or the other. But I must at once challenge certain of the premises on which it is based.

“ In the first place the Hon'ble Member states that we have an assured excess of $7\frac{1}{2}$ crores of revenue over expenditure. I sincerely wish that were really the case ! But the Hon'ble Member includes in his figure $2\frac{1}{2}$ crores of rupees on account of the profits on coinage which must be kept sacred for preserving the stability of exchange and which are not revenue at all. He also includes $3\frac{2}{3}$ crores which are allocated for the reorganization of the Army and certainly cannot be diverted to any other purpose. The true excess is less than one million sterling. So far from being in excess of requirements, it is all too small in view of the uncertainties of Indian finance.

“ Secondly, as the Hon'ble Sir Arundel Arundel has already pointed out, the Hon'ble Member's comparison of the incidence of taxation on the land with that in European countries as given by Mulhall is wholly vitiated by the fact that land-revenue in India includes what is called rent in other countries. The two sets of figures are not *in pari materia*.

“ Thirdly, I do not admit that the raiyat has been injured by our currency legislation. I understand that his savings are not in *silver*, but in *rupees*, and these have certainly not been diminished in value. And prices are not *lower* now, but substantially *higher*, than they were before the Mints were closed. It may interest the Hon'ble Member to know that the index number of Indian rupee prices for the three years 1901—03 is 105, whereas that of the quinquennium 1881—85 was 91, that of 1886—90 was 95, and that of 1891—95 was 102.

“ I now turn to the question of our military expenditure. As regards the amount of this, and its growth of recent years, I do not propose to add anything to what has been said by my Hon'ble Military Colleague, beyond saying that I wish, as earnestly and sincerely as any of the gentlemen who have addressed us today, that it were possible to keep it at a lower figure.

[*Mr. Baker.*]

"But when Hon'ble Members go on to argue that if the expenditure is really unavoidable, the United Kingdom should be called upon to share it, or that because the final decision in respect of Tibet was governed in part by Imperial considerations, therefore the Home Government should bear the cost, I must point out that the question is by no means so simple and obvious as they seem to suppose. In former days the question of the charges imposed upon India on account of military expeditions beyond the frontier was in a fluid state and the practice was far from satisfactory. This matter was very carefully considered by the Welby Commission a few years ago, and the latter, on the advice of Lord Northbrook, drew up a set of principles to guide the apportionment of such charges for the future. These principles, which were accepted by the Home Government without modification, rested mainly on geographical considerations. They have governed the distribution of the charges on all cases which have arisen ever since; and in accordance with them, there is no doubt whatever that the whole cost of the Tibet Mission was properly debitable to Indian revenues. But neither the recommendations of the Welby Commission nor their acceptance by Government implied for one moment that in cases in which the whole cost fell to be borne by India, the Indian Government was to have an exclusive voice in the determination of questions of policy arising in connection therewith. The authority empowered to decide such questions and the considerations by which they were to be governed remained wholly outside and unaffected by the mere formulation of rules for the apportionment of cost. The position of India as a subordinate member of the Empire was not altered in any way, and she was not, and never can be, emancipated from the final control of the Supreme Government. Such a proposition could not be affirmed even in respect of the internal administration of the country; still less could it be maintained in respect of military affairs or foreign policy. And I find it difficult to believe that the gentlemen who clamour for a contribution from the Imperial Exchequer would really welcome the converse case, or whether they really desire that the Government of India should have a free hand, uncontrolled by the authorities at home, in all cases in which she foots the bill.

"There is plenty of room for difference of opinion as to the proper allocation of the military charges of the Empire. All of us in this Chamber would gladly welcome any sound solution which would afford relief to Indian revenues; but the problem is extremely difficult and complex, and I doubt whether it can be settled in a piecemeal way, or whether the grant of a subvention by the mother country to one of its dependencies would carry us any appreciable way towards a settlement. It might perhaps be strictly logical that each member of the Empire should pay the whole cost of maintaining internal order within its own borders, and that all the rest of the military and naval expenditure of the Empire—*i.e.*, possibly nine-tenths of the whole—should be pooled, and divided up among the various members according to some rule of proportions. That might perhaps be logical: but it would involve the subversion of the whole constitution of the Empire, and unless that contingency should come about it is of little use to suggest a partial and one-sided application of the rule to a single dependency. Nor is it by any means certain that even if strict logic were applied, India would eventually pay less than she does now. People sometimes forget, I think, that the Home Government bears the entire cost of the navy, which amounts to 35 millions sterling a year. India's contribution to this is a trifle of £100,000. If we once apply the principle of pooling the cost of national defence, this exclusion could not possibly be maintained: and though I have no idea how much of the whole might fall to our share, it is at least conceivable that the net result might be a heavier charge than the £21,000,000 which we now bear.

"The Hon'ble Sir Edmond Elles has referred to the suggestion that we ought to have borrowed the funds for carrying out the reorganization of the Army, instead of providing them from current revenue. I am surprised at this criticism, which is the exact opposite of what I should have anticipated, and has, I think, been made under a misapprehension.

[*Mr. Baker.*]

"The cost of the scheme may be divided into two parts, *viz.*, that which involves recurring expenditure, and that which represents its initial cost. Now it would clearly be inadmissible to borrow on account of recurring expenditure, and the Government of India have never contemplated such a course, which is inconsistent with the dictates of ordinary prudence. As regards the initial cost, the position is different. If necessity should arise, we shall be prepared to borrow to meet this: but we should only do so in case of urgent necessity, for it would involve a reduction in the funds available for railway construction and canals. The borrowing power of the Government of India is not inexhaustible. On the contrary, it is strictly limited, and if we apply part of our credit for unproductive purposes, however necessary, such as the improvement of the Army, so much the less remains for financing productive works, on which the development of the country so largely depends. We should be most reluctant to curtail the grants for capital expenditure on these important and profitable works, and we shall not do so unless political or military considerations of an urgent character impel us to do so.

"There are two points in Mr. Cable's speech to which I should like to refer. The first of these is his suggestion that in view of the possibility that consols might not be easily saleable except at a loss in the event of international complications, it would be desirable, when the Gold Reserve Fund exceeds 10 millions, to invest one-half the excess in other sterling securities, and to keep one-half in gold. As to this I may mention that we do already invest part of the Fund in other sterling securities such as National War stock and the guaranteed Transvaal loan. As regards the holding of any part of it in gold uninvested, I adhere to the view expressed in paragraph 64 of the Financial Statement that it would be premature to consider the question at present. Though the rapid growth of the Fund has been extremely satisfactory, it still amounts to less than 9 millions sterling. I should like to see it raised to such a figure as would enable us, in the event of extreme and continued emergency, to reduce the Secretary of State's drawings by one-half for three years in succession, *i.e.*, to something between 20 and 30 millions sterling. No doubt a good deal less than this would suffice for all practical purposes, but we certainly want a considerably larger sum than we have yet accumulated. Therefore, our present policy should be to let it multiply at compound interest. I think Mr. Cable would pay too high a price for the greater security of gold as compared with consols. After all the contingency of consols being unsaleable is a remote one. At present rates, our investment doubles itself automatically in less than 28 years. So that even if the time when we had occasion to use it happened to coincide with international complications which reduced consols to a discount of 50 per cent, we should not lose unless this happened oftener than once in 28 years. As a matter of fact consols have not been in the neighbourhood of 50 since the early days of the Crimean War more than fifty years ago.

"The other point in Mr. Cable's speech to which I wish to refer relates to railways. Mr. Cable takes exception to the practice by which the annuity payments on purchases of the old guaranteed lines are charged against current account, and he argues that this is debiting capital expenditure to revenue. I am in entire agreement with the Hon'ble Member that it is wasteful, and unsound finance to construct, improve or purchase railways out of revenue, more especially since our railway property has become remunerative and imposes no burden upon any one. But in respect of these particular payments, I think there is a good reason for the course we pursue. It was decided to purchase the lines in question by means of a terminable annuity or sinking fund, instead of by a cash payment, for the sole reason that under the terms of the contracts that method was the more profitable to Indian revenues. Then, having decided to effect the purchase in this way, it necessarily followed that the sinking fund payments must be defrayed out of revenue, for a sinking fund chargeable against capital is a costly sham, and almost a contradiction in terms.

[*Mr. Baker.*]

"I heartily agree with the Hon'ble Member that the interests of the country' industrial and agricultural, demand a more vigorous policy of railway construction' and for a long time past our energies have been taxed to devise some means of providing the funds. I fear that the Hon'ble Member's suggestion to treat the net earnings of our railways as collateral security against loans for the construction of new lines would not really assist us: for the security we already offer for all loans is that of the whole revenues of India including the railway earnings, and the greater includes the less. My personal belief is that the profitable nature of our railway property is now sufficiently assured to justify us in entering the market more boldly. Even though we have to pay a little more for our loans than we do now, it would be well worth our while to do so, so long as an ample margin is left between the rate at which we can borrow and that which our railways yield. At the same time it must be clearly understood that the vast outlay which the Hon'ble Member has mentioned is quite beyond the pale of practical politics. As I said just now, the credit of India, so far from being inexhaustible, is extremely limited; and if in any year we are able to raise one-tenth of the sum named by the Hon'ble Member, we shall have obtained as much as the market is likely to give, or our Engineers be able to spend.

"Mr. Gokhale has put forward an urgent special appeal on behalf of the municipalities in Bombay which have been seriously crippled by plague, and asks us to write off the outstanding balances of the loans which they have received from Government to meet plague charges in the first instance.

"I will admit that I feel considerable sympathy with the municipalities in Bombay which have been very hard hit by the long-continued ravages of plague. It might no doubt be said that Government has done a good deal for them already, for it has borne approximately one-half of the whole expenditure incurred on plague in these municipal areas, and has given loans on liberal terms to cover more than half the remainder. It might also be said, and truly, that the *ex post facto* writing off of a loan is a demoralising and insidious form of aid which is open to considerable objection in itself. But I prefer not to take that line. Government freely recognizes that cases may arise in which the resources of a local body may be so disordered by some great unavoidable calamity that it becomes no longer able to discharge its legitimate functions; and in such cases it is both justifiable and necessary to grant aid from general revenues. Whether in any of the Bombay municipalities things have actually come to such a pass as to call for further assistance in addition to that which has already been given is a question for the Local Government to decide. And my reply to Mr. Gokhale therefore is that his appeal should be addressed to the Local Government rather than to the Government of India. In other provinces, assistance to municipal bodies has not infrequently been given, for special reasons, from Provincial revenues: and I imagine that the chief reason why this has not been done in Bombay is that during the last four or five years the Local Government itself has been in deficit, and has had no funds for the purpose. Now, however, that a new and favourable Provincial Settlement has been made with that province, we hope that the era of Provincial bankruptcy has passed away, and I do not doubt that the Bombay Government will now have the will, as it will have the means, to extend to its local bodies the same measure of assistance as is recognized as permissible elsewhere. The general principles which govern grants-in-aid of municipal bodies have been laid down by the Government of India and are as applicable in Bombay as in other provinces.

"Mr. Gokhale has commented at some length on the growth of our civil expenditure, and has deprecated the practice of accumulating large surpluses which, as he says, are applied to the reduction or avoidance of debt.

"There are some features in his method of presenting the case to which exception might easily be taken. * For instance, it is wholly incorrect to describe the profits of coinage, payable to the Gold Reserve Fund, as 'revenue' or as being 'taken from the people.' They are neither the one nor the other. Again, when

[*Mr. Baker.*]

he says that the cost of collecting the revenue has risen by nearly a million sterling between 1901-02 and 1904-05, he apparently forgets that the figures of the latter year include more than 44 lakhs on account of Berar, which do not enter into those of the former. He has also apparently omitted to observe that over 55 lakhs of the increase occurs under Opium in the form of payments to cultivators for the raw product, and merely indicates that the crop of last year was a better one than that of 1901-02. These two items alone account for more than two-thirds of the increase of which the Hon'ble Member complains. Again, the Hon'ble Member makes the remarkable statement that, even if we were to borrow 15 crores to carry out the reorganisation of the Army, our debt would still be 21 crores lower than it was in 1898! I sincerely wish that this were the case. Unfortunately, it is absolutely without foundation.

"But we may let that pass. The Hon'ble Member's main contention is that during the past seven years we have devoted $36\frac{1}{2}$ crores of rupees out of revenue to reduction or avoidance of debt, and he regards this as unsound in theory and indefensible in practice.

"I think his figures are not quite accurate. During the seven years in question I find that we have spent $47\frac{1}{4}$ millions sterling on railways and canals. During the same period we have borrowed $31\frac{1}{4}$ millions in all, of which $5\frac{1}{2}$ were applied to discharge of temporary debt, leaving our net borrowings at $25\frac{3}{4}$ millions. The excess expenditure on productive public works was therefore $21\frac{1}{2}$ millions sterling or $32\frac{1}{4}$ crores of rupees, and this happens to coincide with the aggregate amount of our surpluses during the period in question. It would be substantially, though not theoretically, correct to say that these surpluses have been applied to the construction of railways and canals. It is not, however, at all correct to say that they have been applied to the reduction or avoidance of debt. As a fact, debt has not been reduced; and it cannot be said that it has been avoided, for it is practically certain that, if the surpluses had not been available, we should have been compelled rather to curtail our railway programme than to attempt to raise larger sums in the loan market.

"I said just now that it is unsound and wasteful to construct railways out of revenue: and if that is what the Hon'ble Member means to convey I am in complete accord with him. But I should like to expand my statement a little in order that there may be no misunderstanding in the matter. It would be wrong deliberately to maintain taxation at a higher level than we otherwise require in order that the revenue thus obtained might be devoted to direct railway construction. But when a surplus actually accrues either from a fortunate windfall or from sources the continuance of which is not assured, then I think no more advantageous use for it can be found than to devote it to the construction of remunerative public works. When a surplus accrues in either of these two ways, we cannot apply it either to reduction of taxation or to increase of permanent expenditure, for the obvious reason that it represents an isolated asset, and not recurring revenue. It so happens that a large part of the surpluses of the past seven years has been of this character. The sale price of Bengal opium has averaged ₹1,303 a chest, whereas past experience shows that no more than ₹1,100 can be reckoned on with safety as even approximately permanent. This accounts for 7 crores of the whole. Again, the net railway receipts have aggregated about 7 crores more: and it was not until last year at the earliest that we could safely reckon on a surplus instead of a deficit from this source. These two items account for 14 out of the 32 crores in question. A great part of the remainder represents no more than the normal margin of safety for which it is only common prudence to provide in all circumstances and which is doubly necessary in the special conditions of Indian finance. If anything further remains, I would remind Council that in every well administered country the remission of taxation and the development of civil expenditure always follow, and never precede, the expansion of the revenues which renders them possible. That is especially the case in India, where constant ups and downs in the matter of taxation are open to very serious objection. During the seven fat years that have passed, Your Excellency's Government has already remitted taxation to the extent of 2 crores per annum.

[*Mr. Baker.*]

and at their close you have remitted 2 crores more. In my humble judgment, it would not have been safe or prudent to move more rapidly than has been done. Two years ago the English income-tax was reduced by 4*d.* in the £, and a year later this was followed by the increase of the tea-duty to 8*d.* a lb. This is an object-lesson of the danger we incur in the premature remission of taxation.

"There is a subject to which only one Hon'ble Member has referred, but which has attracted a good deal of public attention of late, and which is so important in itself that no apology is needed for alluding to it. I mean our excise administration.

"It is a common allegation that drinking is on the increase, that undue weight is attached by Government to considerations of revenue, and that insufficient attention is paid to the promotion and preservation of temperance.

"By constant and varied iteration these charges have come to attain some degree of general acceptance, and, if they were well-founded, they would undoubtedly constitute a grave indictment of our excise policy and a dark blot on the administration of the country. We have, therefore, been at some pains to ascertain the actual facts, and I propose to lay the results of our enquiries before the Council.

"The misapprehensions into which our critics are apt to fall are, I think, due partly to the restricted scope of their observations. They commonly regard only the variations that occur from year to year; and they forget that unless their comparisons are extended over a sufficiently lengthy period of time, the real trend of our policy is obscured by the ebb and flow of transitory and accidental fluctuations. In part also the error is due to their taking the figures in the lump without close examination or analysis to ascertain what they really signify. I now propose to deal with the excise on country liquor. This is by far the most important item of our excise system. It yields very nearly as much revenue as all other exciseable articles put together; it is that which affects the mass of the population far more than any other; and it is, I think, that which temperance reformers commonly have in their minds when they speak of our excise administration. I propose to take a period of twenty years, from 1883-84 to 1903-04, and to lay before the Council briefly an account of the progress which has been made in that time.

"Before presenting the figures, I wish, in order to avoid overstating the case, to offer a brief explanation. For the most part, the figures relating to the earlier year 1883-84 represent actually recorded facts. In a few quite minor matters, however, the information required was not on record, and it has been necessary to supply its place by estimates framed on the best data available. These are as accurate as they can be made, and they are also quite unimportant; but in order that no one may be able to charge us with substituting doubtful assumptions for fact, I shall be happy to furnish any Hon'ble Member who may desire it with an exact statement showing the assumptions made and the data on which they are based. Finally, I would explain that our figures are exclusive of Aden, Burma and Baluchistan, for which it has not been possible to obtain full comparative statistics.

"I now lay on the table three statements* which show for each of the two years 1883-84 and 1903-04, the area and population served by the distillery and outstill systems respectively, the consumption of country liquor in the distillery areas both in gross and per 100 of the population, the revenue obtained under each system, the number of shops under each system and the number per 100,000 of the population, and the number of square miles per shop.

"I do not propose to read out the whole of these statements to the Council, but the broad results may be stated very briefly. They are sufficiently striking. During the past twenty years, we have transferred 132,000 square miles of territory from the outstill to the distillery system, *i.e.*, from an admittedly bad system to a better. Twenty years ago, 54 per cent of the whole excise area was served by outstills; at the present time, the proportion is only 35 per cent. Twenty years ago 53 per cent of the whole population was supplied by outstills;

* *Vide* Appendices D, E & F.

[*Mr. Baker.*]

now-a-days the percentage has shrunk to 29 per cent. The number of shops per 100,000 of the population has been reduced by 30 per cent, and the number of square miles served by each shop has been increased by 40 per cent. Still more striking and even more important are the figures of consumption. As is well known, there is no means of ascertaining the consumption under the outstill system. That is one of the many bad features of this system. But in the distillery areas, for which information is available, we find that twenty years ago the consumption per 100 of the population was 4·95 gallons London proof, whereas by now it has been reduced to 4·06 gallons, a reduction of 18 per cent. On the other hand, the taxation imposed on the liquor has been raised from Rs 10·7 per gallon to Rs 4·7 8, or by no less than 68 per cent. It may be that figures of consumption per 100 of the population do not convey a clear idea of what the consumption really amounts to. I will therefore put it in another way. A consumption of 5 gallons L. P. per 100 of the population means that every woman and child would be a total abstainer, and that every adult male over the age of 20 would be able to have a tot of rum or a small glass of whisky once in three weeks. It would be an abuse of language to describe this microscopic consumption as an actual or even a potential danger. But such as it was it has been substantially reduced during the last twenty years. While the women and children are still abstainers, the adult males now have to go without their liquor altogether for more than two months out of every twelve.

"I venture to think that these figures constitute a record of which the Government of India need have no cause to feel ashamed. They certainly lend no colour to the belief that in our greed for revenue we are stimulating the consumption of drink. I am far from suggesting that our existing arrangements are in no need of reform. But I may fairly claim to have shown that during the past twenty years we have changed them not for the worse but for the better, and I submit that that is the best augury for the future.

"At the present moment we are not resting with our hands folded. Last year, an expert Committee was appointed to examine the excise arrangements in the Central Provinces and Berar. This Committee has recently submitted a very valuable report advocating extensive reforms throughout the provinces, and steps are being taken to give effect to them without delay. In Bengal the Lieutenant-Governor has recently formulated proposals for a wholesale reduction of the area under outstills, and the introduction throughout the province of a distillery system mainly on the lines of that which has proved so successful in the province which Mr. Sim with pardonable pride has called the Mecca of Temperance. Part of this programme will be carried out with effect from next month, and the remainder either in the following year or as soon as the necessary arrangements can be completed. In the United Provinces reforms on somewhat similar lines are now under consideration. In Assam, the preventive and inspecting staff has been substantially strengthened, and the introduction of the distillery system has been undertaken in one district as an experiment. A further measure which may prove more important and far-reaching than any of these was inaugurated last November. We have deputed Major Bedford, one of our most skilful chemists, with an expert staff from home, to make an exhaustive examination of the processes and results of the distillation of country spirit throughout India, with the object of ascertaining what are precisely the noxious constituents of the liquor, and the practical means of eliminating or minimizing them. If his researches prove effectual, we have desired him to devise a standard of purity which may be prescribed for country liquor, in addition to the ordinary standard of strength, and a simple test of quality which it will be within the capacity of the excise staff to apply to all issues of distillery liquor. The enquiry is one of much difficulty, it will be a work of time, and mistakes are not at all unlikely to be made at the outset. But if Major Bedford's efforts should prove successful, they will have paved the way for a reform of the utmost value and significance.

"In bringing my remarks to a close, I desire to emphasize one point to which reference has already been made in the Financial Statement. Although our

[*Mr. Baker; the President.*]

general financial position is thoroughly sound, and the prospects of the coming year appear favourable, yet we must never lose sight of the exceptional elements of uncertainty which attend Indian finance. The fate of the rabi crop in Northern India, where three days' frost shattered the hopes of a splendid harvest, and struck half a crore off the revenue, is an object-lesson of the suddenness with which prosperity may become disaster. Once more I would remind the Council that the present high level of the Opium Revenue must be regarded in the light of a fortunate windfall, and that no permanent re-adjustment of revenue or expenditure can be built on so frail a foundation. Our Railway Revenue is on a different footing. I believe that that has come to stay, and that it will furnish us, year in and year out, with a large and growing addition to our resources. But here, too, we must remember that the very magnitude of the earnings is itself a source of danger. When the gross takings are in the neighbourhood of 10 lakhs a day, it is manifest that a very small proportionate fluctuation may make an enormous difference in the net result. It is only common prudence to set aside a large percentage of the actual net earnings before estimating the assured annual revenue which we can count upon from this source. I need scarcely add that it is only assured revenue, and not uncertain windfalls, which can be taken into account in adjusting taxation or embarking upon permanent increase of expenditure."

His Excellency THE PRESIDENT said:—"I should like to congratulate my Hon'ble Colleague Mr. Baker upon the reception accorded to his first Budget. He has assumed charge of his important office in a year which is the culminating point up to date of the process of financial recovery that has been proceeding uninterruptedly for the past six years, and whose origin may be traced back still further to the foresight and prudence of Sir D. Barbour and Lord Lansdowne six years earlier. I do not mean to say that a point has been reached from which we shall now decline. There is not, so far as I can see, the slightest ground for anticipating any such consequence. But the closer budgeting that has been employed in drawing up the estimates of revenue and expenditure for next year, the narrower margins that have been left, and the heavy and increasing calls that we have accepted for ensuing years in carrying out our great measures of administrative reform and military reorganisation, render it unlikely that my Hon'ble friend will always be able to count upon similar surpluses, even if an unlucky change of wind does not drive him sooner or later into the financial doldrums.

"Of course the most satisfactory feature of the Budget has been that Mr. Baker has been able at one and the same time to provide the means for a great increase in administrative outlay and for a reduction in the burdens of the people. That is the dream of the fortunate financier, which all cherish but few realise. I remember saying in the Budget Debate a year ago that it would perhaps be too much good luck for one Viceroy to give two considerable reductions of taxation in his time; but that if I were not so fortunate I should hope to bequeath the opportunity to my successor. That successor has turned out to be myself: and I suppose that I may therefore congratulate myself, if not on my forecast, at least upon my good fortune. But in these remarks I must not be taken to assume the smallest credit for the surpluses that have been obtained year after year for the past six years. The head of the Government may, by the manner in which he conducts the affairs of the country at large and its foreign affairs in particular, exercise a considerable influence upon the scale of expenditure during his term of office. But apart from the general sense of confidence present in or absent from his administration, he cannot exercise much effect upon the revenue. Whether the price of opium per chest goes up or down, whether the railway returns are more or less, whether the customs revenue expands or recedes, whether the land revenue is stationary or shrinks, depends in the main upon circumstances outside of his control. I always think it therefore a very absurd thing to give credit to any individual for what is really the result of outside circumstances; and if any speaker at a public meeting who wished to denounce the head of the Government were to do so by denying him

[*The President.*]

all credit for the receipts of his Finance Minister, I should be the first to vote for the motion.

“But, after all, surpluses are surpluses, and the case is not the same when it comes to disposing of them. I cannot therefore go so far as to agree with the critic who wrote the other day—‘Unfortunately for our country its revenues have somehow or other been leaving surpluses year after year since the beginning of His Excellency’s rule.’ I wonder whether this critic would have preferred a succession of annual deficits. One can imagine what he would have said of the Viceroy in such a case. It is in the disposal of surpluses that, in my opinion, the responsibility of the head of the Government does most definitely come in. It is one of the first of his functions, in consultation with the Finance Minister and his Colleagues, to consider the fair and equal distribution of the bounty which good fortune may have placed in their hands. I have found no more pleasing duty than this during the past six years: and in acting as we have done, it is no vain boast to say that we have proceeded throughout upon definite principles and on what seemed to us to be logical lines. My view has always been that as the revenue of this country comes in the main from the people of the country, it is to the people that the disposable surplus, if there be one, should return. And who are the people of whom I speak? They are the patient, humble millions, toiling at the well and at the plough, knowing little of budgets, but very painfully aware of the narrow margin between sufficiency and indigence. It is to them that my heart goes out. They are the real backbone of our economic prosperity. They give us nearly 20 millions sterling per annum in land-revenue alone, or about one-fourth of our entire receipts.

“And alongside of them are the artisan, the petty trader, the small shopkeeper, the minor official, the professional man of humble means,—numerically much smaller than the cultivating classes, but representing different and very important sections of the population,—all relatively poor, and all entitled to some return when the State has the wherewithal to give. Hon’ble Members can scarcely realise how anxiously year by year we have considered the claims of all these classes and persons, and have endeavoured to apportion the relief equitably between them. A sufficient illustration may perhaps be found in the present Budget. What is the tax that touches all classes down to the very humblest? It is the Salt-tax—and therefore we have brought it down to the lowest figure that it has reached since the Mutiny, certain that we have long passed the point at which middlemen can absorb the reduction, and that it must now filter down to the poorest strata of society. We thereby sacrifice nearly $1\frac{1}{4}$ millions sterling per annum in addition to the million sterling per annum that we surrendered when first we reduced the tax two years ago. A gift of $2\frac{1}{4}$ millions a year is one that, even with a population of this enormous size, is not to be despised. Then if we go on to ask what are the administrative needs that most affect the lower orders of the people in India, will not the reply at once be forthcoming—a purer, better paid, and more efficient police, superior opportunities for lifting themselves in the world by education, both in the rural and urban districts, the application of modern science and discovery to the one great staple industry by which the vast majority of them live, namely, agriculture, and provision for all those local needs in the shape of communications, sanitation, hygiene, etc., which mean the difference between comfort and destitution, health and disease, contentment and suffering, to millions of our fellow-citizens? And if for these purposes we have surrendered on the present occasion more than another million sterling per annum, will anyone either grudge the existence of the surplus to start with, or the manner in which we have disposed of it? I daresay that there are other forms of relief which others would have preferred. In previous years we have benefited some of the classes who have now been left out. Who knows but that Mr. Baker may have a good turn to do to others some day later on? Speaking generally, however, my impression, surveying the entire field of Indian taxation as I draw near to the end of my time,

[*The President.*]

is that though there may be other taxes which we should like to lighten,^a and which certain classes of the community would perhaps like to see lightened still more, there is no tax at present imposed in India which can fairly be called burdensome or oppressive, either because it takes out of a class more than they can reasonably pay, or because it cripples a trade or an industry. I think that there are very few even among the most advanced countries in the world of which such a statement could be made with equal truth.

"Perhaps, however, as I have alluded to the present year as the culminating point in an era of financial progress, and as I have been discussing the means of remitting to the people the surplus product of their own industry, I may take the opportunity of pointing out to the Council what is the full measure of financial relief that the Government of India has been fortunate enough to afford to the taxpayer, since the period of surpluses began with the first Budget that I heard expounded at this table in 1899. The bounty of one year is apt to be swept out of sight by that of another, and totals are hardly realised until they are put before us in the naked reality of figures. I would divide the benefactions which have been made since 1899 under the following heads; and of course I only include in them those measures of relief which have been given outside of the ordinary expenditure of Government, and out of the surpluses which we have obtained.

"In remission of taxation we shall have given in the seven years, including the financial year for which we are now providing, a total sum of $7\frac{3}{4}$ crores, or over 5 millions sterling. In special remissions of Land Revenue, and of interest and capital of loans, in both cases in connection with famine, we shall have given over 3 crores, or 2 millions sterling. For increased expenditure upon Education, quite apart from the ordinary Imperial and Provincial grants, we shall have given over 2 crores, or £1,400,000. In grants for expenditure on purposes of local administrative amelioration, such as roads, bridges, water-supply, hospitals and dispensaries, sanitation, etc., we shall have given over $4\frac{1}{2}$ crores, or 3 millions sterling. Minor grants for special purposes, such as the 50 lakhs which are still waiting to be spent on the scheme for improving the congested parts of this great city—a scheme which in broad outlines has been sanctioned by the Secretary of State—amount to nearly $1\frac{1}{4}$ crores, or £800,000. The total sum, part of it non-recurring, but the greater part of it to be continued year by year, that has been given back in my time to the people of India in the form of relief of taxation and other benefactions, amounts to over $19\frac{1}{2}$ crores, or 13 millions sterling. I present these figures to Hon'ble Members as indications of the finance of what we sometimes hear described—though the remark does not appear to find an echo within this Chamber—as a reactionary *régime*. I am willing to let the figures speak for themselves. But there is a famous passage in a speech that was delivered in the House of Commons in 1858, that might be quoted also—'Where was there a bad Government whose finances were in good order? Where was there a really good Government whose finances were in bad order? Is there a better test in the long run of the condition of a people and the merits of a Government than the state of its finances?' That speech was delivered with direct reference to the Government of India, and the speaker was John Bright.

"In my speeches in these Budget debates I have been in the habit from year to year of indulging in what in the phraseology of trade is called stock-taking, and of taking the public into the confidence of Government as to the administrative responsibilities which we had assumed or hoped to carry out. In my earlier years these remarks had necessarily to be couched in the future tense, and many were the criticisms that were then passed upon abortive enquiries and over-ambitious programmes. We do not hear so much of these now. Next year, if I am spared till then, will be my last Budget debate, and it will then perhaps fall to me to review the entire field of work and to show where we have achieved our purpose, and where we have failed. I remember writing to the Prime Minister who appointed me that seven years would be required for the task unless it proved too much for the labourer's strength. I have sometimes wondered whether the onlookers ever

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weigh the latter consideration. We all look at the progress of the cart, and observe with shrill cries whether it is sticking in the ruts or getting on. But few spare a thought for the horse until perhaps it staggers and drops between the shafts, and then—why then—another animal is brought to take its place.

“The first twelve reforms which I foreshadowed in 1899 are, I am glad to say, now accomplished; the next twelve have been carried also; and in the remaining year I hope we may carry to completion the third dozen also. When I speak of accomplishment and completion, I do not of course mean to suggest that there is, or can be, any finality in administrative work. It goes on like the seasons; and from each oak as it is planted fresh acorns fall. But there, after all, is the tree, a living and sprouting stem, a unit in the forest to be reckoned up and perhaps also to gain in value as the time goes on. For instance, an institution like the North-West Frontier Province, which has admirably answered its purpose and has so far falsified all the predictions of its enemies, is a realised fact which no one is in the least degree likely to change and which might give food for reflection to some who denounce the shifting of provincial boundaries as though it were a crime and an evil, instead of being, as it is capable of being, if wisely and opportunely carried out, a very considerable blessing.

“I have no more to say about the accomplished reforms on the present occasion, and even in what I have said I hope that no trace of false exultation has crept in. Reforms in India may sometimes require an external impulse to start them. But they are the work of hundreds of agencies, some important and others obscure: and well do I know that nothing could be achieved, were it not for the co-operation of Colleagues, to work with whom has been a six years' delight, for the wise counsel and cheerful industry of hundreds of faithful fellow-workers in all parts of the country, as well also—and I gladly make the admission—as for the sometimes embarrassing, but often stimulating, influence of public opinion.

“To-day I propose to confine my attention to such items of our programme as have been pushed several stages further towards completion during the past twelve months, and which, I hope, will be finally and firmly grounded before the year is over.

“Hon'ble Members will recollect that in the year 1899-1900 we had the last great Indian famine. That visitation must have left an indelible impression upon every one who was brought into close contact with it, whether in relation to its effect upon the physical condition and sufferings of the people, or to the economic position of the country as a whole. I have often stated my conviction that it will not be the last Indian famine. We may compete and struggle with Nature, we may prepare for her worst assaults, and we may reduce their violence when delivered. Some day perhaps, when our railway system has overspread the entire Indian continent, when water storage and irrigation are even further developed, when we have raised the general level of social comfort and prosperity, and when advancing civilisation has diffused the lessons of thrift in domestic expenditure and greater self-reliance and self-control, we shall obtain the mastery. But that will not be yet. In the meantime the duty of Government has been to profit to the full by the lessons of the latest calamity, and to take such precautionary steps over the whole field of possible action as to prepare ourselves to combat the next. It was for this purpose that we appointed the Famine Commission under that most expert of administrators, Sir Antony MacDonnell, in 1901. Nearly four years have elapsed since then and the general public has perhaps almost forgotten the fact. But the intervening period has not been spent in idleness. There is no branch of the subject, of famine relief, famine administration, and still more famine prevention, which has not been diligently ransacked and explored, and there is no portion of the recommendations submitted to us by the able Chairman and his lieutenants which has not been discussed with Local Governments and been already made, or if not is about to be made, the subject of definite orders. Instructions were first issued explaining

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the principles of famine relief as deduced from the experiences of the latest famine and the findings of the Commission. Then came a revision of the existing Famine Codes in each Province—for the conditions and the practice vary to a considerable extent. This has been a work of great labour. It is now all but complete. But the value of these revised and co-ordinated Codes will only be seen when the next struggle comes. Then they will be found to provide the armament with which each Local Government in India will fight the battle.

“The next stage was when the Irrigation Commission investigated the existing programmes of relief works throughout India and submitted recommendations for their improvement and maintenance. These also are in course of being carried out, and special establishments have been sanctioned for the purpose.

“Then there was a group of separate recommendations made by the Famine Commission which they included under the head Protective in the final part of their Report. These were in some respects the most important of all, for they related to broad measures of State policy demanding either executive or legislative action on the part of the Supreme Government. I must say a few words about some of these. One of them, the relief of agricultural indebtedness in the Bombay Presidency, still remains to be dealt with. A second, namely, the degree and nature of Government aid by means of loans to agriculturists, has also been treated by the Irrigation Commission, and is about to form the subject of a communication to the Local Governments in which suggestions are made for rendering the present system more simple, liberal, and elastic. A third, namely, agricultural development, has been made the subject of a separate speech by one of my Hon'ble Colleagues, Sir Denzil Ibbetson, this afternoon. It would be superfluous for me to follow in his footsteps. Good fortune has presented us simultaneously with certain advantages for taking up this too long neglected branch of our duties in the last few years. Firstly, we have had the funds, which our predecessors have not: and Hon'ble Members have noted with particular approval the special grant of 20 lakhs which we have given for the purpose in the present Budget, and which is only the precursor, as we hope, of larger sums to follow. Then we have had for the last five years a Finance Minister in Sir Edward Law who took the warmest interest in agricultural development, and I believe derived more sincere pleasure from a successful agricultural experiment than he did from the yield of any impost. And finally we have had in the Hon'ble Member for the Revenue and Agricultural Department a perfect master of his subject, who to profound knowledge of the cultivating classes has added both a warm appreciation of their needs and a statesmanlike grasp of large ideas. The stone which I am to lay at Pusa in two days' time will, I hope, be the foundation-stone not only of a fabric worthy of its object, but also of a policy of agricultural development henceforward to be pursued systematically, in good years and bad years alike, by the Government of India: so that a time may one day arrive when people will say that India is looking after her greatest living industry as well, let us say, as she is now looking after her greatest inherited treasure, *viz.*, her ancient monuments.

“There are two other objects which were recommended by the Famine Commission. The first of these was the institution of Co-operative Credit Societies, sometimes less correctly styled Agricultural Banks. Several Hon'ble Members now at this table will remember our legislation of last year, by which we provided for the foundation of such societies. There was no remark more frequently made in the course of the discussion or more obvious in its truism than that any steps in this direction must be slow and experimental, and that quick returns or striking results could not be expected. In many parts the spirit of co-operation has to be created before a co-operative institution can be built upon it. There is also a great deal of elementary preaching, or what an English statesman once called spadework, to be done before substantial results can be expected. But we have not been idle during the year. Specially selected officers have been appointed as Registrars of Co-operative Societies in

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the six main provinces, and they are now engaged in spreading a knowledge of the principles among the cultivating classes. The various concessions made by the Government of India in order to lend encouragement—concessions in respect of income-tax, stamp-duty, registration-fees, and Government loans, have all been notified and are in operation. Three provinces have framed their rules under the Act, in four provinces societies have already begun to be registered, Madras and the Punjab having taken the lead. In addition to these is a much larger number of societies started, but not yet actually on the register. Here the United Provinces, which initiated the experiment in Sir Antony MacDonnell's time, and which now possess 150 societies, are to the fore. Even in such distant provinces as Assam and Burma, we hear of great interest being displayed and of applications being received. The statistical result is too immature to admit of quotation. But I have said enough to show that Government, having planted their seed, do not mean to let it perish from want of nurture. None of us can say whether it will develop into a healthy plant. But every chance shall be given to it.

"The next matter to which I referred is one in which I have taken the keenest interest during my time in India, since it touches the marrowbone of that agricultural class of which I was speaking a little while back. I mean elasticity in Land Revenue collection, and greater liberality in suspension and remission of the fixed demands in times of distress, whether local or widespread. The Famine Commission dealt with this; and we also laid it down among the principles to be adopted as accepted canons of Government in our Land Revenue Resolution of January 1902. But something more was required than the mere statement of an orthodox principle: and we have since been engaged, in consultation with the Secretary of State and the Local Governments, in elaborating its operation—with results that will shortly be published. Already a fluctuating assessment, *i.e.*, a demand that is capable of being varied from year to year, is accepted in practice by most Local Governments and is applied to precarious tracts. What I am now referring to is elasticity in collection, *i.e.*, an allowance for exceptionally bad seasons by the suspension or remission of payments due. This is an act of compassion on the part of the State, but it is compassion in a form little distinguishable from justice; for it relates to cases and seasons in which the cultivator cannot pay his fixed demand, because the crops which he has reaped barely suffice for his own sustenance, and where, if he is called upon to pay it, he can only do so by plunging deeper into debt. In such a case rigidity of collection is not only a hardship but an injustice. It is to avoid such consequences, and at the same time to escape the opposite extreme of laxity in collection and the consequent demoralisation of the people, that we are about to lay down the principles underlying this method of relief.

"Next I turn to Irrigation. It is five years since I last alluded at any length to this subject in a Budget Debate. I then discussed the possibilities of irrigational expansion that seemed to lie before us in India, and speaking upon the authority of my expert advisers, I indicated the limits, physical rather than financial, that appeared to exist to such expansion, and answered the popular misapprehension that because India is a land of great rivers and heavy rains, it is therefore possible to capture all that surplus water, and to utilise it either for the extension of cultivation or for the prevention of famine. After that came the Famine of 1900; and as a sequel to the Famine it seemed to me that this matter, so vital to the future of India, should be re-examined by the very highest authorities whom we could find, visiting every part of the country, examining into local conditions, programmes and needs, approaching the matter from the point of view of protection against famine rather than of remunerative investment of State funds, and presenting us with an authoritative pronouncement upon the capabilities for further irrigation of the whole of British India, and of the extent of the obligation both in State irrigation and in the encouragement of private enterprise which Government might legitimately assume. That was the genesis of the Commission presided

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over by Sir Colin Scott-Moncrieff which was appointed in the autumn of 1901, and which, after an investigation that extended over two cold winters, finally reported in April 1903.

"I wonder how many of the Hon'ble Members whom I am now addressing, and still more how many of the outside public, have read their Report. To me the first part of it, which relates to general considerations, is infinitely more interesting than a novel, for it deals not with the hypothetical problems of human character, but with the positive agencies that affect the growth or decline of human life; and it bases conclusions dramatic in their sweep upon premises of scientific precision. By slow but sure degrees ever since, we have been assimilating and taking action upon that Report; and our final views and orders upon it will shortly see the light.

"As this is the last occasion upon which I shall ever speak at any length upon this subject in India, let me summarise the situation as it now stands. There are two classes of Irrigation in this country. State Irrigation, *i.e.*, works constructed or maintained by the State, and Private Irrigation conducted by communities or individuals, largely by means of wells. I am here only concerned with the former. I need not before an Indian audience expatiate upon the distinction, so familiar in our Reports and Budget Statements, between major and minor works, productive and protective works. Major works are either productive, in which case we find the money for them out of surplus revenue or from loans, or protective, in which case we provide for them from the annual Famine Grant of $1\frac{1}{2}$ crores; the distinction between productive and protective being that the former are expected to prove remunerative, though they have not always been so; while the latter are not expected to be remunerative at all. In other words, productive works are, or may be, protective also; but protective works are not expected to be productive. Minor works are those which we undertake entirely out of the revenue of the year. Now let me say what our outlay upon all these works up till the present hour has been, and what the property thus created represents. The Government of India have spent in all $46\frac{1}{2}$ crores or 31 millions sterling upon State irrigation works in all the above classes. With it they have dug nearly 50,000 miles of canals and distributaries, they have irrigated an area of $21\frac{1}{2}$ million acres, out of a total irrigated area in British India of about 47 million acres, and they derive from it a net revenue of £2,700,000 per annum, or a percentage of net revenue on capital outlay of approximately 7 per cent. If we capitalise the net revenue at 25 years' purchase, we obtain a total of $67\frac{1}{2}$ millions sterling, or considerably more than double the capital outlay. These figures are an indication of what has already been done. Next, what are we going to do or what are we capable of doing? In my first year in India I went to see the Chenab Canal in the Punjab, which had been finished a few years earlier. At that time it irrigated 1,000,000 acres, it now irrigates 2,000,000; at that time it had cost $1\frac{1}{2}$ millions sterling, there have now been spent upon it 2 millions; at that time it supported a population of 200,000 persons, the population is now over 1,000,000, and this huge aggregate is diffused over an expanse, now waving with corn and grain, that but a few years ago was a forsaken waste. Since then we have completed the Jhelum Canal, which already irrigates 300,000 acres, and will irrigate $\frac{2}{3}$ million. Everywhere these lands, once waste and desolate, are being given out to colonisation; and the Punjab Province, if it lost the doubtful prestige of the Frontier with its disturbing problems and its warring tribes, has gained instead the solid asset of a contented and peaceful peasantry that will yearly swell its resources and enhance its importance. Then you have heard of the fresh obligations which we have since undertaken in the same quarter; $5\frac{1}{4}$ millions sterling have just been sanctioned for the group of canals known as the Upper Chenab, the Upper Jhelum and the Lower Bari Doab. Before another decade has elapsed 2,000,000 more acres will have been added to the irrigated area, with a proportionate increase in the population, and with an estimated return of 10 per cent. on the capital outlay. So much for the near future. Now let me look a little further ahead, and come to the recommendations of the Irrigation Commission. They have advised an additional expenditure of 44 crores, or nearly 30 millions sterling, spread out over twenty years, or an annual average

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expenditure of $1\frac{1}{2}$ millions sterling. We accept that estimate ; we regard it as reasonable ; and we hope to be able to provide the funds. This will increase the area under irrigation in British India by $6\frac{1}{2}$ million acres as compared with the 4 millions which I mentioned five years ago, the difference being explained by the fact that as we draw towards the close of this gigantic programme we shall no longer be able to talk glibly of remunerative programmes or of lucrative interest on capital outlay, but shall find ourselves dealing with protective works, pure and simple, where no return or but little return is to be expected, and where we shall have to measure the financial burden imposed on the State against the degree of protection against scarcity and famine obtained for the people. I do not think that we need shrink from that more exacting test : for we shall have approached, if the metaphor may be permitted, the rocky passes in which our forces will then be engaged across smiling plains and verdant pastures in which they will have derived strength and sustenance for the harder and less remunerative toil that will lie before them. I wish that we could proceed even faster. But that is out of the question. Canals are not like railways where companies are ready to find the money and to undertake the work, where an embankment can anywhere be thrown up by unskilled labour, and where the iron or steel plant that may be required can be ordered by telegram from Europe or the United States. In irrigation you have in the first place to find the funds from the borrowings of the State, which are not capable of unlimited expansion. You have to spend much time in preliminary investigations and surveys. You then have to obtain your labour for the particular work. It is estimated that to spend the amount which I have named a host of 280,000 workmen and coolies will be required for 250 days in each of the twenty years in addition to those required for the maintenance of the existing works and of the new ones as they come into operation. And finally you have to engage and train your skilled establishment which is a matter of careful recruitment, spread over a series of years. These are the considerations that must always differentiate irrigation work from railway work in India, and that militate against the same rate of speed in the former. And then when we have done all this where shall we stand ? We shall have done much, we shall have done what no other nation or country has done before. But the surplus water from the snows of the Himalayas and from the opened doors of heaven will still spill its unused and unusable abundance into the Arabian Sea and the Bay of Bengal. The calculations show that of the total average rainfall of India, as much as 35 per cent., and a much larger proportion of the surface flow, amounting to 87 per cent., is carried away by rivers to the sea. The programme that I have sketched will at the most utilise only $2\frac{1}{4}$ per cent. of this surface flow, and the remainder will still continue its aimless and unarrested descent to the ocean. Why is this ? The answer is very simple, and to anyone who has any knowledge of the meteorological or geographical features of this continent very clear. Rain does not always fall in India in the greatest volume where it is most needed. What Cherrapunji could easily spare Rajputana cannot for all the wealth of Cræsus obtain. Neither does rain fall all through the year in India. It descends in great abundance, within narrowly defined periods of time, and then it is often very difficult, and sometimes impossible, to store it. Providence does not tell us when a year of famine is impending, and we cannot go on holding up the water for a drought that may never come. It would be bad economy even if it were not a physical impossibility. Sometimes where water is most plentiful there is no use for it, because of the sterile or forbidding or unsuitable nature of the soil. Sometimes it flows down in blind superfluity through a country already intersected with canals. Sometimes it meanders in riotous plenty through alluvial plains where storage is impossible. Sometimes again the cost of storage is so tremendous as to be absolutely prohibitive. These are some, though by no means all, of the reasons which place an inexpugnable barrier to the realisation of academic dreams. Facts of this sort we may deprecate, but cannot ignore ; and the time will never come when we can harness all that

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wealth of misspent and futile power, and convert it to the use of man. What we can do, the Commission have told us; what we mean to do I have endeavoured imperfectly to sketch out in these remarks. Restricted as is the programme, when measured against the prodigious resources of nature, it is yet the maximum programme open to human agency and to finite powers, and it is one that may well appeal either to the enthusiasm of the individual, or to the organised ability of the State. We are about to embark upon it with the consciousness that we are not merely converting the gifts of Providence to the service of man, but that we are labouring to reduce human suffering and, in times of calamity, to rescue and sustain millions of human lives.

"There are a few other subjects to which I must allude. The presence of the Hon'ble Mr. Hewett at this table and the speech which he has delivered, indicate that we have in the past year obtained that which has for a long time been the cherished aspiration of the mercantile community, *vis.*, a separate Department and Minister of Commerce and Industry. Six years ago I should have said that this was impossible; two years ago I did not regard it as likely. But the facts of commercial and industrial expansion cannot be gainsaid; and as soon as the case began to be made out it was convincing in its logic and pertinence. The days are gone by when Government can dissociate itself from the encouragement of commercial enterprise. There used to be a sort of idea that business was an esoteric thing, to be conducted by a narrow clique, who were alone possessed of the oracles of wisdom, and with whom Government were hardly supposed to be on speaking terms. That was an absurd theory at any time. It is additionally absurd in a country like India, where the Government is responsible for so many forms of commercial and industrial activity, where it builds and works railroads, where it controls the sale of opium and salt, where it maintains gigantic factories, where it is engaged in undertaking the manufacture of its own cartridges and rifles and guns, and where it is the largest employer of labour in the country. And most absurd of all is it at a time when the whole air is alive with movement, rivalry, and competition: and when we desire to push our products, our manufactures and our industries, upon the attention of the world. I believe India to be merely at the beginning of its commercial expansion, and if I could revisit this Council Chamber fifty years hence, I believe I should find the Commercial Member of that day delivering an oration that would be reported throughout the East. There is only one word of appeal in which I would ask leave to indulge. I entreat my Indian friends not to regard the creation of a Department of Commerce as an agency for the promotion of British commerce alone. They could not make a greater mistake. Indian commerce, industry, and enterprise are as vital to this country as British—nay, I think more so. They have a future as bright before them. When we have to deal with great pioneers of Indian industry, such as the Tata family, they will tell you that they receive the warmest encouragement at our hands, and for my own part I should feel far happier if for every present Indian merchant-king there were a thousand, and for every lakh of Indian rupees invested in mercantile undertakings, a crore. Our new Department and its Hon'ble Member know no distinction of race: they are concerned only with the development of the country.

"It is a part of the same policy that has induced us in the past year to create the new Railway Board which is now entering upon its duties. The idea is no new one. We make no pretence to be original. It has been advocated for years, by all those who wanted greater elasticity and less officialism in our system, and from the day that I surrendered temporary charge of the Public Works Department in 1899, having become conversant for a while with its working, I meant to get the reform sooner or later. It has taken six years to carry it out. Not that the old Public Works Department stands, therefore, condemned. That would be a most unjust and unfair assumption. It produced a series of brilliant and famous Engineers. It overspread India with a network of railways. It eventually converted annual deficits into an assured surplus that has reached this year the magnificent figure of 2½ millions sterling, and it has handed over to the Railway Board a splendid property which it will rest with the

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latter to develop on commercial principles in the future. I have sometimes seen the present Administration accused of centralising tendencies. I have not time to argue that contention this afternoon. But if it be true, it is at least remarkable that it has been associated with the two greatest measures of decentralisation that have been achieved during the last fifty years, *viz.*, the Permanent Financial Settlements with the Provincial Governments, and the institution of the Railway Board.

“There is entered in the Budget the sum of 50 lakhs for Police Reform. That is only an instalment and a beginning. We accept with slight modifications the full recommendations of the Commission, and we intend to carry out their programme. The author of the Report is seated at my right hand, and I should like to take this opportunity of publicly thanking him and his colleagues for their labours. No more fearless or useful report has ever been placed before the Government of India. I would gladly have taken action upon it sooner. But a long time has been required to consult the Local Governments and to satisfy the Secretary of State. And now what is it that we have in view? I think that my feelings are those of every Member of the Government. We want a Police Force which is free from the temptation to corruption and iniquity, and which must, therefore, be reasonably well paid, which must be intelligent and orderly and efficient, and which will make its motto protection instead of oppression. I confess that my heart breaks within me when I see long diatribes upon how many natives are to get employment under the new system and how many Europeans. For my own part I have never paused to count them up. The Police Force in India must be an overwhelmingly native force: and I would make it representative of the best elements in native character and native life. Equally must it have a European supervising element, and let this also be of the best. But do not let us proceed to reckon one against the other and contend as to who loses and who gains. The sole object of all of us ought to be the good of the country and the protection of the people. It is three years since, in one of these Debates, I announced the appointment of the Police Commission, and since Sir John Woodburn, who sat in that chair, said that it would be the most important and far-reaching of any that I had appointed in my time. I am glad that I appointed it and am proud of its work: and when the reforms come into full operation, I am hopeful that they will be felt under every roof in this country.

“At this stage I may perhaps interpolate a few remarks in reply to the concluding portions of the Hon'ble Mr. Gokhale's speech. He seems to think that in my speech of last year, and in the Resolution that followed it, were laid down new principles as regards the admission of Natives of India to the public service. He referred to the Act of 1833 and the Queen's Proclamation of 1858. I am familiar with both those documents, and I also remember—which those who quote them sometimes forget—that the late Queen's words contained a qualification, not indeed modifying their generosity, but limiting their application by the necessary tests, firstly, of practical expediency, and secondly, of personal fitness. These were the words: ‘It is our will, that so far as may be, our subjects of whatever race or creed be freely and impartially admitted to offices in our service, the duties of which they may be qualified by their education, ability, and integrity duly to discharge.’ There is not one sentence in that memorable paragraph from which any Government of India or any Governor General has ever either desired or attempted to recede. But the Hon'ble Mr. Gokhale's historical references stopped short at 1858. He altogether forgot to mention the findings of the Public Service Commission of 1887, which deliberately laid down that the service in India should in future be divided into two branches, firstly, an Imperial Service called the Civil Service, to be recruited by open competition in England only, and, secondly, a Provincial Service recruited in India, and consisting almost entirely of natives of this country. Our pronouncement of last year was a mere reaffirmation of the findings of that Commission. Even the phrase *corps d'élite* which the Hon'ble Member seems to think originated with me is taken from paragraph 73 of their Report. Let me further ask him more particularly to peruse paragraphs 74 and 91 of that

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document. He will find that nothing was said last year, either by the Government of India or by myself, which has not been laid down with even greater authority by our predecessors: and for the inference as to a change of policy which Mr. Gokhale has drawn in his speech to day, there is, I can assure him, no foundation.

"I am myself particularly immune from the suspicions to which the Hon'ble Member refers. I frequently see attributed to me personally the appointment of this or that European or Eurasian to some post or other in some part of India. The responsibility of the Head of the Government of India is great, and I have never minimised it. But it is beyond human power that he should know every detail of the administration of 300,000,000 of people, and beyond reason that every subordinate act of the Administration should be attributed to him alone. And really when I read of all the things that are explained by my personal intervention, while I appreciate the compliment, I am compelled to say that in quite 19 cases out of 20, I have never even heard of them at all. If the Hon'ble Member were to go into the Departments of the Government of India he would find that I am there known as a strong partisan not of European but of Native appointments, wherever these can be made with sufficient regard to the test of personal fitness for the post. But, after all, is it not rather a vain exercise to dispute as to the exact number of places that are or are not given to this or to that class in an Administration? The Hon'ble Member will never find any reluctance on the part of Government to recognize and to forward the legitimate aspirations of his countrymen. But he must not be surprised if these generous tendencies are sometimes chilled, when almost every step that we take and every appointment that is made is liable to criticism that presumes the existence of a racial bias where none exists. He has cited the Despatch of the Court of Directors with which the Act of 1833 was sent out to India. Let me quote to him another paragraph from that Despatch. If I were to utter it as my own, I am afraid that I should be accused of illiberal sentiments. But with the distinguished imprimatur of the authors of the Act of 1833, it may carry some weight with the Hon'ble Member:

'We must guard against the supposition that it is chiefly by holding out means and opportunities of official distinction that we expect our Government to benefit the millions subjected to their authority. We have repeatedly expressed to you a very different sentiment. Facilities of official advancement can little affect the bulk of the people under any Government, and perhaps least under a good Government. It is not by holding out incentives to official ambition, but by repressing crime, by securing and guarding property, by creating confidence, by ensuring to industry the fruit of its labour, by protecting men in the undisturbed enjoyment of their rights, and in the unfettered exercise of their faculties, that Governments best minister to the public wealth and happiness. In effect, the free access to office is chiefly valuable where it is a part of general freedom.'

"With these words, which seem to me entirely wise, I will pass from the subject.

"There is one duty that falls upon the Government of India to which I think that I have rarely if ever alluded in this Council, and that is the guardianship of Indian interests where they are liable to be impugned by external policy or influence. We resisted to the best of our ability the heavy charge of more than $\frac{3}{4}$ million sterling that was imposed upon Indian revenues by the increase of pay in the British Army—a measure about which we were not consulted and with which we did not agree. We protested more successfully against the placing upon Indian revenues of the charge for the entertainment of the Indian guests at the Coronation in London. We were also successful in resisting the suggestion that India should pay £400,000 per annum for a call upon a portion of the British Garrison in South Africa. We have now finally established the principle (disputed till a few years ago) that when we lend troops from India to fight campaigns for the Imperial Government in different parts of Asia and Africa, every rupee of the charge from embarkation to return shall be defrayed by the Imperial Government.

"During the past few years we have been waging a similar battle in defence of the Indian emigrant in South Africa. For many years a system has prevailed

[*The President.*]

under which unskilled Indian labourers have been encouraged to emigrate to the Colony of Natal for employment, chiefly in agriculture, though a few of them are engaged in coal mines. The number proceeding yearly on five-year contracts is from 5,000 to 6,000, and there are now some 30,000 indentured Indians in the Colony. Their wages are good, and those of them who returned to India in 1903 brought back savings to the amount of over five lakhs of rupees, while Indians of all classes settled in Natal remit to their friends in India some thirteen lakhs of rupees annually. The indentured Indian is well treated, and so far as this class is concerned, the system of emigration to Natal is advantageous to India as well as to the Colony. But there is now in Natal a considerable population of British Indians, estimated at about 50,000, who are not working under indenture and are therefore known as 'free Indians.' Some of them are men who have worked out their time, but have decided to settle in the country, or the descendants of such men; others are persons who have voluntarily proceeded to the Colony with the object of making a living there. Unfortunately the colonists entertain a rooted objection to this class of settlers, and have taken strong measures to discourage any increase in their numbers. Some of these measures have seemed to the Government of India to be unduly severe and inconsistent with the reasonable claims of the people of India as subjects of the British Empire; and we have lost no opportunity of urging that the restrictions imposed on free Indians should be relaxed. More especially two years ago, when the Government of Natal sent delegates to us to discuss an arrangement under which Indian labourers should be compelled to return to India on the expiry of the term for which they were engaged, we required as an essential condition that they should make certain concessions in favour of the free Indians who were then settled, or who might desire to settle, in the Colony. We stipulated for the eventual abolition of a tax of £3 a head which had been imposed on such persons for leave to reside; for the amendment of an Act placing traders, of however old a standing, under the power of local Corporations who had absolute authority to refuse licenses to trade; for the removal of Indians from another Act, under which they were classed with barbarous races; and for the provision of a summary remedy for free Indians who might be wrongfully arrested on the ground that they were coolies under indenture or prohibited immigrants. In reply, we were given to understand that there was no prospect of obtaining the consent of the local Legislature to these conditions, and the negotiations were therefore dropped. The only concession that has been obtained as regards free Indians in Natal is the exemption of those who have been resident in the Colony for three consecutive years from the restrictions imposed on 'prohibited immigrants' under the Immigration Restriction Act. That Act still requires immigrants (except those under indenture) to be able to write in some European language, and our endeavours to get ability to write in an Indian language accepted as a sufficient test of literacy have been unsuccessful. We have informed the Natal Government that we reserve to ourselves the fullest liberty to take at any time such measures in regard to emigration to that Colony as we may think necessary in order to secure proper treatment for our Indian settlers, and we have recently again declined to take any step towards facilitating the emigration of labourers under indenture until the Natal authorities substantially modify their attitude.

"In no other South African Colony is there in force any system of immigration of Indian labour under indenture, and the number of British Indians at present resident in the Colonies other than Natal is comparatively small. Those Colonies have, however, evinced a similar spirit of opposition to the immigration of free Indians, and we have had a considerable amount of correspondence on the subject, especially as regards the Transvaal. Soon after that country came under British administration, we addressed the Secretary of State for India, and urged that the opportunity should be taken to remove the restrictions and disabilities imposed by the Boer Government on British Indian subjects. In the course of the correspondence that ensued we were asked to agree to a scheme for the employment of 10,000 Indian labourers on the construction of Government railways in the Transvaal and Orange River Colonies; and recognising that the need for Indian labour thus displayed might

[The President.]

prove a powerful lever in our hands in securing better treatment for Indians generally in South Africa, we expressed our readiness to consider the proposal if it was likely to lead to substantial concessions in favour of Indians not under indenture. We said that the least that we could accept would be (1) that Indian languages should be included in the literary test applied to new immigrants; (2) that residence in locations should be compulsory only upon those Indians in whose case the restriction is desirable for sanitary reasons; (3) that Indian traders who had established themselves under the former Government should be granted licenses permitting them to retain their present places of business; (4) that all Indians of superior class, including all respectable traders and shopkeepers, should be exempted from the Pass Law and the Curfew system and from the other restrictions imposed on the non-white population.

"The Transvaal authorities declined to concede these demands in full, and we have therefore refused to establish a system of emigration of indentured labourers to that Colony. The outcome of the negotiations so far will be found in the Despatch sent on 25th July 1904 by the Secretary of State for the Colonies to the Governor of the Transvaal, which was presented to Parliament in August last. In it the British Government supported all our main demands except the claim that future immigrants should not be required to be able to write in a European language. We have not yet heard what action has been taken on these instructions by the Transvaal Government.

"I do not say that this is a pleasurable record. The problem is one for which it is exceedingly difficult to find a solution. Colonies possessing, or likely before long to possess, rights of self-government cannot be dictated to in such matters, and the feeling that exists among them is undoubtedly very strong. It has seemed to us to be our duty to do nothing to inflame that feeling, but to lose no opportunity of pleading the cause of those whose natural protectors we are, and to make no concession whatever until we obtain a full *quid pro quo* in return. I am confident that in this attitude we shall have the support of the entire Indian community.

"I may name one more respect in which the Government of India have, I think, faithfully championed the interests of the general community. I allude to their attitude on the Fiscal Question. I observe that the Hon'ble Mr. Cable, speaking today on behalf of the commercial community, has most strongly endorsed the correctness of the position that we took up in our Despatch of 22nd October 1903. A little while ago it was stated with some authority in England that that Despatch had been drawn up by us in a hurry, and that we were believed to have modified our views. There is no foundation for any such statement. We composed that Despatch with full deliberation. It represented our matured opinions. We have not departed from them in any particular; and if the Government of India were invited to enter a conference, those I am confident would be the instructions with which our delegates from this end would proceed. Our claim is not merely that India should have a voice in the settlement of the question—that none will dispute—but that in any Imperial scheme there should not be imposed upon us a system detrimental to our interests or repugnant to our strongly entertained and unanimous views.

"Before I conclude I may perhaps be expected to say a word about the military estimates of the year. We have had the familiar attacks upon them in this Debate. One Hon'ble Member spoke of the expenditure as inordinate and alarming. It is inordinate in the sense that it is beyond the ordinary. For now that we have ample means, we are utilising some of them, which in ordinary years we might not have been able to do, not merely to relieve the burden of the people, but to secure them from the possible future horrors of war. There is nothing to alarm in the increase. The situation would be much more alarming, if, with a rival Power building railways towards the Afghan frontier, we were to sit still and do nothing. It was not by so regarding military expenditure and equipment that our allies in the Far East have won those great victories that have extorted the admiration of the world. They saw the danger impending, and they set themselves steadily to prepare for it—with what results we all know. The lesson of the Russo-Japanese War is

[*The President.*]

surely the most supreme vindication of preparation for war as contrasted with unreflecting confidence that modern times have ever seen. His Excellency the Commander-in-Chief has presented us with a scheme, which is the ripe product not only of his own great experience, but of years of discussion and anticipation in India itself, and whose sole object is so to organise our forces in peace, as to place the largest possible body of men, with the least dislocation, in the field in time of war. Until universal peace reigns, which will not be in our day, the best custodian of his own house will still be the strong man armed; and the Government of India, assured that they have the means, and reposing confidence in the ability of their military advisers, have accepted the scheme submitted to them, not without careful scrutiny of its features and details, but in the conviction that the heavy charge entailed will be repaid in the increased security that will be enjoyed by the country.

"As regards the view which has been expressed in this Debate that the expenditure should be provided for by loan, I join my Financial Colleague in dissenting from that opinion. Reference has been made to English practice. No one would have denounced such a proposal, under existing conditions, more strongly than Mr. Gladstone. I do not say that a military loan is everywhere unjustifiable. Were we on the brink of war, or were it the case that large military expenditure could only be met by incurring a deficit, or by imposing additional taxation which it was considered essential to avoid, then there might be a good case for a military loan. But with a full exchequer, and with a simultaneous reduction of taxation, I feel sure that every financier of repute would pronounce such a proposal to be without excuse. Moreover, it should be remembered that in England the National Debt is being steadily diminished by processes which are not adopted here: and that a military loan is there obliged to run the gauntlet of Parliament. The Government of India is sometimes taunted with its irresponsibility. Might it not be a serious thing if you encouraged that Government to shift on to future generations a burden which it was capable of bearing in its own time? Might you not aggravate the very irresponsibility which is sometimes deplored?

"I have now concluded my picture of some, at any rate, of the activities upon which we are or have lately been engaged. I ask myself, is this in truth an unsympathetic and reactionary *régime*? Is it likely that the individual who has allowed himself no rest or respite in his labours, be they successful or mistaken, for the Indian people, would endeavour to injure them or thrust them back? Is there a single class in the community who has been so injured? I will go further and say, is there a single individual? If there had been, should we not have heard of him today? Would a man who has devoted his whole life to preaching the lessons of the East, its history and traditions, who has often been rallied by his own countrymen for his enthusiasm for the religions and monuments and literature of the East, and who has, while in India, given such abundant proofs of his reverence for faiths and feelings that are not his own—turn round and assail what he had hitherto revered? These questions I must leave others to answer. As for reaction I console myself with the wise saying of Macaulay, 'Ever since childhood I have been seeing nothing but progress, and hearing of nothing but reaction and decay.'

"For my own part, as the last year of my work in India opens, I look back upon the past not with any self-complacency—because while much has been done, much also remains undone—but with gratitude that the opportunity has been vouchsafed to my colleagues and myself of giving so definite an impulse to all that makes up the growth and prosperity of a people, and the safety of an Empire, and with the sanguine conviction that none can sow as diligently and whole-heartedly as we have endeavoured to sow, without a harvest springing up—indeed the green shoots are already high above the ground—that will ten thousand times repay the exertion, and obliterate every scar."

The Council adjourned *sine die*.

CALCUTTA; }
The 31st March, 1905.

J. M. MACPHERSON,
Secretary to the Government of India,
Legislative Department.

APPENDIX A.

[Vide page 158.]

(1) SALT :—

Grades.	Europeans and Eurasians.	Indians.
Rs. 200—300	40	26
Rs. 300—400	31	19
Rs. 400—800	41	2

There are 16 other higher posts in this Department carrying salaries ranging from Rs. 800 to Rs. 4,000 which are held exclusively by Europeans.

(2) CUSTOMS :—

Grades.	Europeans and Eurasians.	Indians.
Rs. 200—300	71	10
Rs. 300—400	39	3
Rs. 400—700	45	3

14 other higher posts in this department carrying salaries ranging from Rs. 700 to Rs. 4,000 are held exclusively by Europeans.

(3) SURVEY :—

Grades.	Europeans and Eurasians.	Indians.
Rs. 200—300	21	5
Rs. 300—400	22	4

In this department there are 56 other higher posts carrying salaries ranging from Rs. 400 to Rs. 3,500 which are held by Europeans exclusively.

(4) MINT :—

Grades.	Europeans and Eurasians.	Indians.
Rs. 200—300	8	1
Rs. 300—400	10	2
Rs. 400—600	6	1

There are 8 other higher posts in this department carrying salaries ranging from Rs. 600 to Rs. 3,500 which are held exclusively by Europeans.

(5) PUBLIC WORKS :—

Grades.	Europeans and Eurasians.	Indians.
Rs. 200—300	145	222
Rs. 300—400	113	63
Rs. 400—500	93	37
Rs. 500—600	50	19
Rs. 600—700	5	2
Rs. 700—800	44	12
Rs. 800—900	61	15
Rs. 900—1,200	124	11

61 other higher posts in this department carrying salaries ranging from Rs. 1,200 to Rs. 3,000 are held exclusively by Europeans.

(6) POLICE :—

Grades.	Europeans and Eurasians.	Indians.
Rs. 200—300	151	163
Rs. 300—400	110	9
Rs. 400—600	149	5
Rs. 600—900	190	2

There are 68 other higher posts in this department carrying salaries ranging from Rs. 900 to Rs. 3,000 which are held exclusively by Europeans.

APPENDIX B.

[*Vide page 158.*]

(1) TELEGRAPH :—

Grades.	Europeans and Eurasians.	Indians.
Rs. 200—300	78	12
Rs. 300—400	72	4
Rs. 400—600	30	2

There are 37 appointments in this department carrying salaries ranging from Rs. 600 to Rs. 3,500 which are held exclusively by Europeans.

(2) STATE RAILWAYS :—

Grades.	Europeans and Eurasians.	Indians.
Rs. 200—300	287	63
Rs. 300—400	140	23
Rs. 400—500	99	11
Rs. 500—600	42	3
Rs. 600—900	84	6

119 other higher posts in this department carrying salaries ranging from Rs. 900 to Rs. 3,000 are held by Europeans and Eurasians exclusively.

(3) POST OFFICE :—

Grades.	Europeans and Eurasians.	Indians.
Rs. 200—300	61	53
Rs. 300—400	30	18
Rs. 400—500	26	3
Rs. 500—1,000	17	1
Rs. 1,000—3,500	10	1

NOTE.—The only Indian who held in 1903 a post in the grade of Rs. 2,000—2,500 was a member of the Covenanted Civil Service, and is no longer in the Postal Department.

APPENDIX C.

[Vide page 187.]

Administration.

	1897.	1903.
Total number of Posts above Rs. 500	234	248+14
Europeans	189	197+8
Eurasians	16	24+8
Hindus	28	25—3
Mahomedans	1	2+1

Agriculture.

(NEW CREATIONS.)

Total	0	3
Europeans	0	3
Eurasians	0	0
Hindus	0	0
Mahomedans	0	0

Archæology.

(NEW CREATIONS.)

Total	0	7
Europeans	0	6
Eurasians	0	0
Hindus	0	1
Mahomedans	0	0

Assessed Taxes.

Total	2	2
Europeans	1	1
Eurasians	0	0
Hindus	1	1
Mahomedans	0	0

Botanical Survey.

Total	1	0—1
Europeans	1	0—1
Eurasians	0	0
Hindus	0	0
Mahomedans	0	0

Civil Veterinary Department.

Total	10	12+2
Europeans	10	12+2
Eurasians	0	0
Hindus	0	0
Mahomedans	0	0

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FINANCIAL STATEMENT OF THE

Customs.

	1897.	1903.
• Total	34	38+4
Europeans	27	31+4
Eurasians	4	5+1
Hindus	3	1—2
Mahomedans	0	1+1

Economic Products.

Total	1	2+1
Europeans	1	2+1
Eurasians	0	0
Hindus	0	0
Mahomedans	0	0

Education.

Total	145	142—3
Europeans	117	114—3
Eurasians	1	4+3
Hindus	24	23—1
Mahomedans	3	1—2

N. B.—Over Rs. 1,000 a month in 1897, 39, all Europeans; in 1903, 49, out of which 48 were Europeans and 1 Hindu.

Excise.

Total	5	7+2
Europeans	2	5+3
Eurasians	0	0
Hindus	3	2—1
Mahomedans	0	0

Foreign.

Total	9	10+1
Europeans	8	8
Eurasians	0	1+1
Hindus	0	0
Mahomedans	1	1

Forests.

Total	135	137+2
Europeans	134	136+2
Eurasians	0	0
Hindus	1	1
Mahomedans	0	0

Geological Survey.

Total	10	11+1
Europeans	8	9+1
Eurasians	0	0
Hindus	2	2
Mahomedans	0	0

Imperial Service Troops.

	1897.	1903.
Total	10	15+5
Europeans	10	15+5
Eurasians	0	0
Hindus	0	0
Mahomedans	0	0

Indian Museum.

Total	2	3+1
Europeans	2	3+1
Eurasians	0	0
Hindus	0	0
Mahomedans	0	0

Fails.

Total	37	45+8
Europeans	37	41+4
Eurasians	0	0
Hindus	0	4+4
Mahomedans	0	0

Judicial.

Total	450	456+6
Europeans	246	236—10
Eurasians	15	13—2
Hindus	155	173+18
Mahomedans	34	34

Land-revenue.

Total	826	899+73
Europeans	585	653+68
Eurasians	28	15—13
Hindus	184	180—4
Mahomedans	38	51+13

Medical (Civil).

Total	194	193—1
Europeans	182	182
Eurasians	2	1—1
Hindus	10	10
Mahomedans	0	0

Meteorology.

Total	2	4+2
Europeans	2	4+2
Eurasians	0	0
Hindus	0	0
Mahomedans	0	0

Military Accounts.

Total	9	14+5
Europeans	4	9+5
Eurasians	5	5
Hindus	0	0
Mahomedans	0	0

FINANCIAL STATEMENT OF THE

Military Administration.

	1897.	1903.
Total	3	6+3
Europeans	1	3+2
Eurasians	2	3+1
Hindus	0	0
Mahomedans	0	0

Mines.

Total	1	3+2
Europeans	1	3+2
Eurasians	0	0
Hindus	0	0
Mahomedans	0	0

Mint and Assay.

Total	9	11+2
Europeans	8	10+2
Eurasians	0	0
Hindus	1	1
Mahomedans	0	0

Miscellaneous.

Total	2	5+3
Europeans	2	5+3
Eurasians	0	0
Hindus	0	0
Mahomedans	0	0

Political.

Total	134	139 + 5
Europeans	131	134 + 3
Eurasians	1	1
Hindus	0	2 + 2
Mahomedans	2	2

Port Blair.

Total	7	7
Europeans	7	5 - 2
Eurasians	0	1 + 1
Hindus	0	0
Mahomedans	0	1 + 1

Post Office.

Total	25	29 + 4
Europeans	22	27 + 5
Eurasians	0	0
Hindus	3	2 - 1
Mahomedans	0	0

Public Works.

Total	435	404 - 31
Europeans	361	322 - 39
Eurasians	20	23 + 3
Hindus	52	57 ¹ + 5
Mahomedans	2	2

N. B.—Over Rs. 1,200 a month, 1897, 40 ; 1903, 61, all Europeans.

Opium.

	1897.	1903.
Total	32	44+14
Europeans	31	41+10
Eurasians	1	1
Hindus	0	1+1
Mahomedans	0	1+1

Ordnance.

Total	9	16+7
Europeans	9	16+7
Eurasians	0	0
Hindus	0	0
Mahomedans	0	0

Pilot Service.

Total	12	21+9
Europeans	12	21+9
Eurasians	0	0
Hindus	0	0
Mahomedans	0	0

Police.

Total	329	328—1
Europeans	321	321
Eurasians	4	2—2
Hindus	3	3
Mahomedans	1	2+1

Registration.

Total	6	3—3
Europeans	1	1
Eurasians	0	0
Hindus	4	2—2
Mahomedans	1	0—1

Royal Indian Marine.

Total	14	14
Europeans	14	14
Eurasians	0	0
Hindus	0	0
Mahomedans	0	0

Salt.

Total	34	38+4
Europeans	32	35+3
Eurasians	2	2
Hindus	0	1+1
Mahomedans	0	0

Scientific and Minor Departments.

Total	2	2
Europeans	2	2
Eurasians	0	0
Hindus	0	0
Mahomedans	0	0

FINANCIAL STATEMENT OF THE

<i>Stamps.</i>								1897.	1903.
Total	.	.	.	.	.	.	.	4	5 + 1
Europeans	.	.	.	.	.	.	.	2	2
Eurasians	.	.	.	.	.	.	.	1	0 - 1
Hindus	.	.	.	.	.	.	.	1	3 + 2
Mahomedans	.	.	.	.	.	.	.	0	0

<i>State Railways.</i>									
Total	.	.	.	.	.	.	.	274	254 - 20
Europeans	.	.	.	.	.	.	.	253	221 - 32
Eurasians	.	.	.	.	.	.	.	13	24 + 11
Hindus	.	.	.	.	.	.	.	8	9 + 1
Mahomedans	.	.	.	.	.	.	.	0	0

N. B.—Above Rs. 1,200 a month—in 1897, 29, all Europeans; in 1903, 34, of whom 32 were Europeans and 2 Eurasians.

<i>Stationery and Printing.</i>									
Total	.	.	.	.	.	.	.	9	8 - 1
Europeans	.	.	.	.	.	.	.	7	7
Eurasians	.	.	.	.	.	.	.	1	1
Hindus	.	.	.	.	.	.	.	1	0 - 1
Mahomedans	.	.	.	.	.	.	.	0	0

<i>Supply and Transport.</i>									
Total	.	.	.	.	.	.	.	3	2 - 1
Europeans	.	.	.	.	.	.	.	3	2 - 1
Eurasians	.	.	.	.	.	.	.	0	0
Hindus	.	.	.	.	.	.	.	0	0
Mahomedans	.	.	.	.	.	.	.	0	0

<i>Survey.</i>									
Total	.	.	.	.	.	.	.	46	42 - 4
Europeans	.	.	.	.	.	.	.	37	298
Eurasians	.	.	.	.	.	.	.	9	13 + 4
Hindus	.	.	.	.	.	.	.	0	0
Mahomedans	.	.	.	.	.	.	.	0	0

APPENDIX D.

[*Vide page 209.*]

YEAR.	Area under the out-still system, in square miles.	Area under the distillery system, in square miles.	Percentage of the out-still area to the total excise area.	Population served by the out-still system (in thousands).	Population served by the distillery system (in thousands).	Percentage of total population served by the outstill system.	Revenue from the out-still system, in lakhs of rupees.	Revenue from the distillery system, in lakhs of rupees.	Percentage of the out-still revenue to the total revenue from country spirit.
1	2	3	4	5	6	7	8	9	10
1883-04 . . .	409,741	346,821	54	102,237	91,592	53	84.90	120.60	41
1903-04 . . .	277,462	508,156	35	65,051	157,156	29	69.40	286.14	19

(The above figures are for all India, excluding Burma, Baluchistan and Aden, for which complete information as to revenue, shops, etc., is not available.)

APPENDIX E.

[Vide page 209.]

YEAR.	Consumption of country spirit in distillery areas, in gallons London Proof.	Consumption of country spirit per 100 of the population in distillery areas, in gallons London Proof.	Total revenue derived from country distillery spirit, in lakhs of rupees.	Incidence of the total revenue derived from country distillery spirit per proof gallon, in rupees.
1	2	3	4	5
1883-84 . . .	4,534,123	4.95	120.60	2.66
1903-04 . . .	6,382,817	4.06	286.14	4.48

(The above figures are for all India, excluding Burma, Baluchistan and Aden, for which complete information as to revenue, shops, etc., is not available.)

APPENDIX F.

[Vide page 209.]

YEAR.	NUMBER OF SHOPS PER 100,000 OF THE POPULATION.			NUMBER OF SQUARE MILES PER SHOP.		
	Outstill areas.	Distillery areas.	Average.	Outstill areas.	Distillery areas.	Average.
1	2	3	4	5	6	7
1883-84 . . .	21	26	23	19.3	14.6	16.8
1903-04 . . .	17	15	16	25.2	22.1	23.6

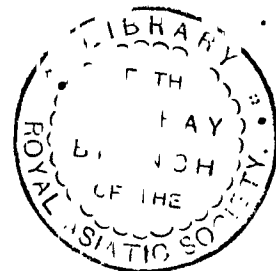
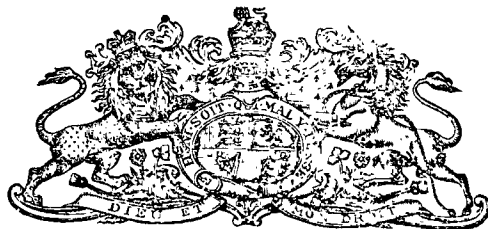
(The above figures are for all India, excluding Burma, Baluchistan and Aden, for which complete information as number of shops, etc., is not available.)

GOVERNMENT OF INDIA:
FINANCE DEPARTMENT.

FINANCIAL STATEMENT

FOR

1906-1907.



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GOVERNMENT OF INDIA.
FINANCE DEPARTMENT.

FINANCIAL STATEMENT FOR 1906-1907.

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FINANCIAL STATEMENT FOR 1906-1907.

PART I.

Preliminary.

I beg to lay on the table the Financial Statement for 1906-1907, together with the usual figures relating to the accounts of 1904-1905, and the Revised Estimates of 1905-1906.

2. The year now drawing to a close has in certain important Provinces been less favourable than those which immediately preceded it. The Arabian Sea monsoon current was late in arriving, and the total autumn rainfall was much below the normal in the United Provinces, the Punjab, the Deccan districts of Bombay, and Rajputana. In parts of Madras also there was at one time a serious deficiency in the rainfall, but this was made good by favourable rains in the cold weather. The partial failure of the monsoon was unfortunately followed by great delay in the winter rains of Northern India, and though these eventually came, and greatly relieved the situation, they were too late to save a large proportion of the unirrigated crops. Famine conditions have been declared to exist in ten British districts and in several States of Rajputana, and by the end of February, over 360,000 persons in all were in receipt of relief. These untoward events necessitated liberal remissions and suspensions of revenue, and expenditure on famine relief, which will affect both the current year, and also 1906-1907.

3. In the rest of India the seasons were on the whole favourable, and the harvests generally good. Our revenue has come in well, and shows signs of continued and healthy development; and if the rainfall of next season should be normal, we may look forward to the restoration of prosperity in those tracts which are now unhappily suffering. After making adequate provision for famine relief, and for the effect of the drought on our land revenue, we estimate that on the present basis of taxation and expenditure, we should have had in 1906-1907 a revenue surplus of £1,687,500. This is in excess of our needs, and we have accordingly decided to carry into effect certain reductions of taxation and transfers to the Local taxation account which are estimated to absorb £586,700 per annum. Almost the whole of this sum will be devoted to relieving the burdens of the agricultural tax-payer. An account of the particular measures to be adopted will be found in paragraphs 41 to 45 of the Financial Statement.

4. In view of the present agricultural situation, it would not have been prudent to embark on any important new schemes of administrative reform involving large recurring expenditure. We have therefore limited our proposals in this direction to three measures, of which the most considerable is one to which we are already committed, while the other two do not involve large present outlay and are deemed to be of pressing importance. These projects are estimated to cost us £226,700 a year, and an account of them will be found in its proper place.

5. The effect of these measures taken together is to diminish our revenue or increase our expenditure in the aggregate by £813,400, thus reducing the estimated surplus of the ensuing year to £874,100.

6. I now present the figures for the three years, reduced to their simplest form, and excluding Capital, Debt, and Remittance transactions. They are as follows:—

	1904-1905 (Accounts).
	£
Revenue	84,812,971
Expenditure charged against Revenue	81,356,905
Surplus	3,456,066

FINANCIAL STATEMENT OF THE

		1905-1906 (Revised Estimate).
		£
Revenue	• • • • •	84,829,500
Expenditure charged against Revenue	• • • • •	83,073,800
	Surplus	1,755,700
		1906-1907 (Budget Estimate).
		£
Revenue	• • • • •	86,495,100
Expenditure charged against Revenue	• • • • •	85,621,000
	Surplus	874,100

Accounts of 1904-1905.

7. This time last year we estimated that the year 1904-1905 would close with a surplus of £3,485,500. The final accounts agree closely with this, the actual amount being £3,456,066, a shortage of £29,434. The revenue exceeded the Revised Estimate by £113,871, and the expenditure was less by £43,595, but the improvement was confined to the Provincial and Local section of the accounts, which benefited to the extent of £186,900, leaving a net worseness in the Imperial section of £29,434.

8. Under Opium, the weighments in Malwa during March were exceptionally low and resulted in a reduction of £22,501. Excise receipts exceeded the estimate by £51,424, chiefly in Bombay, where, in consequence of a change in the excise year, the fees for retail licenses in the Presidency Town for 20 months were brought to account during the year. There were increases of £40,997 under Forests mainly in Burma, and of £14,000 under Assessed Taxes fairly distributed over the Provinces. Irrigation rose by £39,836, especially in the Punjab and Madras where Land Revenue due to Irrigation improved materially. Under Interest, there was a short receipt of £20,121, the major part of which was due to the non-payment within the year of interest due by the Kalka-Simla Railway. The net Railway revenue account was reduced by £149,062, mainly in consequence of increased working expenses and renewals on the East Indian, Bengal and North-Western, Tirhoot, North-Western, Oudh and Rohilkhand, Rajputana-Malwa and Bengal Nagpur Railways, the charges for which were brought to account in the closing months of the year. Army charges were less than the estimate by £139,006, of which £93,995 was on account of Reorganization. There were also reductions of expenditure amounting to £45,356, under Public Works, Civil and Military, £24,947 under Irrigation (chiefly in Burma and Bengal), and £26,664 under Direct Demands on the Revenues, chiefly in Bombay, partially counterbalanced by small increases under other heads. Taken as a whole, the figures approximate closely to those of the Revised Estimate framed last March, and do not call for special remark.

Revised Estimate, 1905-1906.

9. Last March, we anticipated that the revenue of the year 1905-1906 would amount to £83,433,000, the expenditure chargeable against revenue to £82,529,200, and the probable surplus on the Imperial section of the accounts to £903,800. The results now anticipated are more favourable. The revenue has increased by £1,396,500, while the expenditure chargeable against revenue has also increased by £544,600, and the surplus, as now estimated, will amount to £1,755,700. These results relate, as already stated, only to the Imperial section of the accounts. If we include the Provincial and Local sections, the position is somewhat modified. The figures of revenue, both for the Budget and the Revised Estimates, are unaffected. In regard to expenditure, however, we anticipated a year ago that the total disbursements on revenue account for Imperial, Provincial, and Local taken together would amount to £83,899,500; and we expected that of this sum, the Provincial Governments and local bodies would draw on their accumulated balances to the extent of £1,370,300, the direct charge against current revenue being thereby reduced by an equivalent amount. According to our present estimates, the aggregate expenditure in all three sections will amount to £82,993,400, being less than the budget figure by £906,100.

Instead, however, of having to draw on their balances, the Provincial Governments have increased the latter by £80,400, and as this constitutes a liability against Imperial revenues, it is, in accordance with established practice, charged off at once in the accounts, increasing the expenditure chargeable against the revenue of the year to an equal extent. The causes of the increase in the Provincial balances are set forth below.

10. In the last Financial Statement I explained that an endeavour was being made to attain a higher standard of accuracy in the estimating of our revenue and expenditure. The figures now presented to the Council will show to what extent these efforts have been successful during the past year. The comparison must of course be made with the aggregate revenue and expenditure, disregarding their allocation between Imperial, Provincial, and Local. It will be seen that our total revenue has exceeded the Budget Estimate by £1,396,500, which represents 1·67 per cent on the figure taken last March. On the expenditure side, the total disbursements are now estimated to amount to £906,100 less than in the Budget. This represents a difference of only 1·08 per cent on the original estimate.

11. So far as revenue is concerned, these results are not unsatisfactory: more than half of the increment of revenue occurred in the gross receipts from Railways, in which, if anywhere, a cautious estimate is justifiable. In regard to expenditure, although the percentage of variation from the original estimate is very low, the true result is less successful, for there were large lapses of grants both for civil expenditure in India and for army charges at home, and the net reduction would have been considerably greater than it is had we not applied a portion of the funds thus set free to meeting other charges not provided for in the Budget. Even here, however, there are some grounds for a more favourable view, for the lapse in army charges in England was due to special causes which we hope are not likely to recur. On the whole, I think, it may be said that a fair amount of improvement has been effected: and for the future I can merely repeat the assurance which I gave last year that we shall continue to do our best to eliminate all avoidable sources of error.

12. The following is a statement of the principal heads of Revenue and Expenditure in which the Revised Estimate differs from the figures of the Budget by £30,000 or more. The figures of the Railway Revenue Account and of Irrigation, Post Office and Mint are taken net:—

<i>Revenue.</i>									
DECREASE—									£
Land Revenue	.	.	.	.	.	.	.	.	440,000
Customs	.	.	.	.	.	.	.	.	39,100
Irrigation	.	.	.	.	.	.	.	.	118,000
INCREASE—									
Salt	.	.	.	.	.	.	.	.	76,700
Stamps	.	.	.	.	.	.	.	.	60,400
Excise	.	.	.	.	.	.	.	.	210,400
Other principal heads	.	.	.	.	.	.	.	.	197,400
Interest	.	.	.	.	.	.	.	.	139,700
Post Office	.	.	.	.	.	.	.	.	35,700
Mint	.	.	.	.	.	.	.	.	202,400
Railway Revenue Account	.	.	.	.	.	.	.	.	461,300
Receipts by Military Department	.	.	.	.	.	.	.	.	150,300

<i>Expenditure.</i>									
INCREASE—									
Interest	.	.	.	.	.	.	.	.	52,900
DECREASE—									
Civil Departments	.	.	.	.	.	.	.	.	237,600
Other Public Works	.	.	.	.	.	.	.	.	256,900
Army Services	.	.	.	.	.	.	.	.	842,000
Special Defences	.	.	.	.	.	.	.	.	61,200

Explanations on all points of importance will be found in the annexed Memorandum by the Financial Secretary. The only matters to which reference need be made here are the following:—

Under Land Revenue, the failure of the monsoon has produced the greatest effect in Bombay and the Punjab, where the falling-off in collections is estimated at ₹22,16,000 and ₹8,70,000, respectively. In the United Provinces the shortage amounted to ₹7,95,000, and would have been larger had not the loss due to the frost of January 1905 been overestimated. In Madras the collections fell short of the Budget

Estimate by ₹23,23,000, but this was due not to the character of the harvests but to the high collections of 1904-1905 which left a comparatively small amount of arrears to be recovered in the current year. Smaller shortages are anticipated in Burma, Eastern Bengal and Assam, and Ajmer, but the estimates will be exceeded in Bengal and Berar. In the two provinces chiefly affected by drought remissions of land revenue have been made aggregating ₹80,88,000, while a further sum of ₹86,17,000 is under suspension.

13. Last March the opinion was expressed in some quarters that we had pitched our estimate of Customs revenue for the current year too low. The actual results, however, are far from bearing out this view. The receipts have fallen short of our estimate by £39,100, and the shortage would have been considerably greater but for the increase of the duty on spirits effected by the Tariff Amendment Act in January last. The increase of duty took effect one month after the date of passing the Act, and extensive clearances of stocks took place during the interval, yielding an increase of revenue of £63,300. This will of course tend to reduce the revenue from this source in the ensuing year. Apart from this exceptional item, the chief features of the year were the great and continued development of the receipts from cotton piece goods and from the corresponding excise duty on Indian mills, and the large falling-off under petroleum, and under silver and other metals. The import duty on cotton piece goods yielded £886,700, and the excise duty £183,700, both figures being the highest on record. The latter is now 250 per cent greater than in 1896-1897, the first complete year of its operation, and affords gratifying testimony to the thriving and progressive state of the industry. The falling-off in the duty on petroleum was £73,300, and is due to the stoppage of imports of Russian oil after the destruction of the works at Baku. Its place was taken by Burma oil, which pays no duty. The imports of silver have received a severe check, and the receipts from duty have fallen short of the estimate by £106,700. In the earlier months of the year, the exports of rice were somewhat behindhand, and a shortage in the export duty seemed probable. This has, however, latterly been made good, and the returns will not fall far short of the original estimate. The other variations do not call for special notice.

14. Under Salt, we had made what seemed to be a liberal allowance for the probable increase of consumption due to the reduction of the duty last March. The results have, however, surpassed our anticipations. By the end of February the issues of salt had exceeded those of the corresponding period of the previous year by 14,38,000 maunds, and we now expect that this figure will have risen to 16 lakhs of maunds by the end of the year. This advance follows on a very large increase of 17,86,000 maunds which occurred in 1904-1905, by which time the first reduction of duty made in 1903 had come into full effect. We have recently received an interesting series of reports from the Local Governments on the results of the two successive reductions of the duty in 1903 and 1905. These show that the cumulative reduction of one rupee has been proportionately of greater effect than the preceding reduction of 8 annas; that the cheapening of the retail price, and often the cause to which it is due, have become known even among the humblest classes of the people, so that "even the Bhil woman who takes her salt as a dole with her supply of grain from the bania on bazar days knows that she ought to get about a third more than she used to do;" that a purchase which formerly sufficed for 3 or 4 days now lasts the same family for 5 or 6; that more salt is being given to the cattle; that in some provinces at least the consumption per head has risen by 10 per cent in the last three years; and that the saving per head of the population may be reckoned at about one day's wages of the poorest of the working classes. It must be many years before the revenue which we have sacrificed can be made good by the development of consumption; but in the meantime the results obtained are evidence that our policy has reached the classes whom it was intended to benefit.

15. The weighments of Malwa opium have fallen very short of the estimate and are now calculated at only 16,000 chests, the lowest number for many years past. The loss of revenue on this head is estimated at £209,300. On the other hand, Bengal opium has fetched an average price of ₹1,434 per chest as compared with the estimate of ₹1,400, and the number of chests sold has been raised to 49,200 in place of 48,000, the improvement amounting to £225,400. The net result is a betterness of £12,800 as compared with the Budget.

16. Excise has exceeded the estimate in all provinces except the United Provinces and Burma, the improvement being greatest in the Central Provinces and Berar, Bengal, Madras and Bombay.

17. The increase under Mint receipts represents seigniorage at 2 per cent on larger coinage. The coinage of the year depends on the demands of trade, and it is impossible to foresee with any certainty what amount of new coinage will be required. Last March we assumed that an outturn of 500 lakhs would be necessary, whereas

the actual demand has been exceptionally heavy, and is now estimated to amount to 16,50 lakhs.

18. The earnings of State and Guaranteed Railways continued to expand, though not so rapidly as in 1904-1905. The grain traffic on the North-Western Railway was adversely affected by the failure of the *rabi* crop in Northern India and the rise in local prices, and the net earnings of this important system fell below those of the previous year by £462,500. There was also some falling-off on the East Indian Railway due to diversion of traffic to other lines and increased expenditure on working and maintenance. Most of this, however, will have been made up before the end of the year. On the other hand, the Bengal-Nagpur Railway obtained greatly enhanced receipts chiefly from coal, and its net earnings rose by £239,000. There were also large improvements on the Great Indian Peninsula (£161,100) and Rajputana-Malwa (£142,500) systems, and to a smaller extent on most of the other lines. The net revenue account is behind the figure of 1904-1905 by £80,000, but is in excess of the Budget Estimate for the current year by £461,300. This last sum is no doubt substantial, but it represents little more than $1\frac{1}{2}$ per cent on the gross receipts of our Railways, which now approach the enormous sum of 25 millions sterling.

19. The chief factor in the increase under "Other principal heads of Revenue" was the development of the receipts from Forests which were exceptionally large in Burma, and also to a smaller degree in Bombay. Assessed Taxes also did well in all the principal provinces.

20. The saving under "Civil Departments" was due to the failure of the Local Governments to expend in full their allotments for Police (£203,200), Education (£243,700), Medical (£38,800), and Scientific and Minor Departments (£88,000). This is a matter for regret, but it is chiefly attributable to the fact that specially liberal grants had been made for the initiation of important schemes of administrative reform, and it is a common experience that delay unavoidably occurs in getting these under weigh at the outset. On the other hand, there was an increase of £272,300 under "Political," mainly due to payments aggregating £241,200 on account of the subsidy of the Amir of Afghanistan with arrears. At the time the Budget was under preparation the negotiations with the Amir were still proceeding, and it was considered expedient to make no reference to the matter in the estimates. The lapse under Public Works occurred chiefly in the Punjab, where the Local Government has so far failed to utilise in full the grant made for the improvement of Simla. Expenditure on Military Works also fell short of the estimate by £71,200 chiefly on works connected with Army reorganization.

21. The reduction of expenditure on the Army was mainly due to the inability of the India Office to supply within the year the full amount of stores, and munitions of war required chiefly in connection with the scheme of reorganization. There were also lapses of grants under other heads.

22. Instead of a Provincial and Local deficit of £1,370,300 as estimated, there will be a surplus of £80,400. As already explained, this item does not affect the actual revenue and expenditure, but only its allocation as between Imperial on the one hand, and Provincial *cum* Local on the other. The causes of the alteration were broadly these: in the first place, over and above the allotments made to Provincial in the Budget, we have during the year made two grants of 30 lakhs each to the Central Provinces and Eastern Bengal and Assam with reference to the new Provincial settlements. We have also transferred from the Imperial to the Provincial section three more grants of 7 lakhs, ₹17,20,000 and ₹5,00,000 which were provided in the Budget for expenditure on minor irrigation works, agricultural improvements, and University education respectively. The effect of these transfers was to increase the Provincial resources, at the cost of Imperial, to the extent of ₹89,20,000, or £594,600. Apart from these transfers, the Provincial and Local share of total revenue increased by £50,400 as compared with that which was estimated in the Budget. Their expenditure, on the other hand, as already explained, fell short of what was anticipated by £805,700.

Budget Estimate for 1906-1907.

23. For next year, we estimate that the revenue will amount to £86,495,100, and the expenditure (after allowing for a sum of £1,077,600 which is chargeable against Provincial and Local balances) to £85,621,000, thus leaving a surplus of £874,100.

24. We anticipate that the receipts from Land Revenue will be considerably better than during the current year, in which they have been adversely affected both by the frost of January 1905 and also by the irregularity and delay in the rainfall in some provinces. In the United Provinces it is satisfactory to know that in the opinion of the Local Government the agricultural prospects of the province as a whole are more encouraging than they were at this time last year; and after allowing for remissions and suspensions aggregating ₹31,31,000, we anticipate an increase of ₹36,61,000 over the collections of the current year. In Bombay also, in spite of the adverse conditions prevailing in the Deccan districts, a recovery to the extent of ₹21,92,000 is anticipated, after allowing ₹49,88,000 for remissions and suspensions. Considerable improvements are also expected in Burma where much new land is being brought under settlement, and also in Madras and the Punjab. It will of course be understood that, while due allowance has everywhere been made for existing conditions, these calculations are all based on the assumption that the rainfall of the ensuing year will be normal. Under Opium, we have had to take account of the heavy fall in the prices realized at the last two sales of Bengal opium. Last year, we estimated that the average price obtained would be ₹1,400 a chest, and the actual average has been ₹1,434. The sales in February and March, however, yielded rates of only ₹1,343 and ₹1,258 respectively, and for next year we cannot safely assume a higher average than ₹1,125. This involves a decrease of 11½ lakhs of rupees as compared with the Revised Estimate of the current year. On the other hand, we expect a small recovery in Malwa, where the weighments during 1905-1906 have been the lowest on record: and the net falling-off is estimated at £659,400.

25. The consumption of salt and the receipts from the salt duty have continued to expand in a very gratifying manner, and we consider that we shall be justified in assuming that there will be a further increase to the extent of 12 lakhs of maunds during 1906-1907, the increase of revenue being £63,300. The increase of revenue will not be in proportion to the increase of consumption because the receipts of the current year were swollen by credit sales of salt effected before the reduction of the duty in March 1905. Under Stamps and Excise we have allowed for the normal growth of revenue. Under Customs we anticipate a total increase of £139,300 over the receipts of the present year. Of this only £20,000 is attributed to the increased duty on spirits, for the reason stated in paragraph 13 above. It would not be safe to reckon on any increase in the receipts from petroleum, an industry in which duty-free Burma oil is claiming a rapidly growing share. Under other items, however, we consider that a moderate all-round growth may be looked for, especially in view of the somewhat disappointing returns of the current year; and the state of the Indian textile industry warrants us in expecting a further advance in receipts from the cotton excise duty. Under "Other principal heads" we calculate on a loss of £464,300. This occurs almost wholly under the head of "Provincial Rates" where a net reduction of £513,300 is allowed for. The explanation of this will be found in paragraph 44 below: it is wholly due to the reduction of taxation, but for which the head would have yielded a moderate increase of revenue.

26. The only other head of revenue which calls for remark is Railways. Last March, we thought it prudent to assume that the net results of the current year would fall short of the unprecedented figures of 1904-1905. In this we have been justified by the result; but the returns have nevertheless proved considerably better than we anticipated, and there is nothing in existing circumstances to warrant the belief that the revenue from this source will undergo a check in the immediate future. The figures of the past two years, and those which we have decided to take for 1906-1907 are as follows:—

	Actuals, 1904-1905.	Revised Estimate, 1905-1906.	Budget Estimate, 1906-1907.
	£	£	£
Receipts	24,022,465	24,658,200	26,154,600
Charges	21,917,027	22,632,700	23,925,300
Net Revenue . .	2,105,438	2,025,500	2,229,300

27. On the Expenditure side of the account, the only head under which a material reduction is anticipated, as compared with the Revised Estimate of the current year, is Interest, in which we expect a decrease of the charge by £139,000. This is partly due to the progressive transfer of debt from the non-productive to the productive class, but is also due in large measure to higher special charges in the current year which will not recur in 1906-1907.

28. Under almost all other heads, we anticipate an increase of expenditure, as compared with the current year, the more important items being as follows :—

	Increase in 1906-1907, compared with Revised Estimate of 1905-1906.
	£
Direct Demands on the Revenue	287,300
Salaries and Expenses of Civil Departments	1,140,600
Other Public Works	421,500
Army Services	406,400

29. The bulk of the first item will be incurred under the head Land Revenue, and represents increased charges of district administration, spread more or less uniformly over all the principal Provinces. There are also smaller increases under Stamps (chiefly in connection with the supply of the unified stamp) ; Excise, in the Central Provinces and Burma ; and Forests, mostly in the two latter provinces and in Madras.

30. Of the large increase under "Salaries and Expenses of Civil Departments" the greater part occurs under the heads Police (£410,100), Education (£317,400) and Scientific and Minor Departments (£151,200). In all these cases, and especially in the case of Police, the increase is due in part to the additional grants which we have decided to allot, as explained in paragraph 35 below. In large part, however, it is also due to the fact that the Local Governments failed to expend in full the considerable sums assigned to them in the Budget for the current year. Their schemes for utilizing the money have been more completely elaborated during the past twelve months, and we hope that they will make up lost ground during the ensuing year.

31. Of the increase under "Public Works" over three-fourths is on account of Civil Works, mainly in Madras, the Central Provinces, Bengal, and Eastern Bengal and Assam, and in the provinces administered by the Government of India. Under Military Works there is an increase of £91,500 mainly in connection with reorganization of the army.

32. The increase in Military expenditure is almost wholly due to the fact that a very large lapse amounting to £777,100 occurred in 1905-1906 on the grant provided for expenditure in England on new artillery and other stores for reorganization. Of this, a large part represents liabilities which have been definitely contracted, and a charge of £734,000 has accordingly been carried forward to the Home Estimates of 1906-1907, a corresponding reduction being made in the Indian Estimates of that year. To obviate to some extent the inconvenience thus occasioned in carrying out the programme of reorganization, we have regranted a portion of the lapsed grant, *viz.*, £267,000, or 40 lakhs, for expenditure in India next year. This does not imply any actual increase of expenditure, but merely a transfer of charge from one year to the next. The effect is to increase the surplus of the current year by the amount of the lapse, and to reduce that of 1906-1907 by the amount regranted, which, as stated above, is £267,000. As compared with the Budget Estimate of last year, there is a decrease of £435,600.

33. For Famine Relief, we have provided £539,100, equivalent to ₹80,86,000. Of this, 42 lakhs are expected to be required in Bombay, 20 lakhs in the United Provinces, 13½ lakhs in the provinces administered by the Government of India, mostly Rajputana, and small sums in Madras and the Punjab. The total grant shown against the head "Famine Relief and Insurance" remains constant at one million sterling, the provision for reduction or avoidance of debt being absorbed, and some reductions made in the provision for construction of Protective Railways and Irrigation Works.

34. Had we maintained taxation on the same scale as in the current year, and had not undertaken the additional expenditure on police, education, and agricultural improvement to which reference is made below, our surplus would have amounted to £1,687,500. I now proceed to give an account of the measures to which we have decided to devote a portion of this sum.

Application of the Surplus.

35. The objects to which we have decided to devote so much of the surplus as is in excess of requirements are five in number. Three of these, as stated in paragraph 4, are measures of administrative reform involving increase of expenditure ; the fourth which is by far the largest and most important, provides for the reduction of local taxation on the land ; while the fifth, which is a small matter closely connected with the last named, provides for the relief of certain local authorities at the expense of Imperial revenues.

36. Taking these in order, we first provide a sum of 25 lakhs per annum for the reform of the Police, in accordance with the approved recommendations of the Police Commission. It will be remembered that last year a similar grant of 50 lakhs was provided for this purpose, and the grant now given is in addition thereto. We are pledged to carry out these reforms as funds become available, and though unfortunately a considerable part of the provision made last year has not been spent, we hope that this will be made good in 1906-1907 and a further material advance obtained. The principal objects to which the additional grant of 25 lakhs will be applied are the following :—

- (1) The introduction of improved scales of pay for the superior officers.
- (2) The recruitment of the new class of officers to be known as Deputy Superintendents.
- (3) The further recruitment of Sub-Inspectors.
- (4) The formation of Provincial Departments of criminal investigation.
- (5) The introduction of some of the reforms proposed in the police force of the towns of Madras, Calcutta and Rangoon.

If funds are available, some further measures may be undertaken, but this is at present uncertain.

37. The grant will be apportioned between the various Provinces as follows :—

	Lakhs.		Lakhs.
Madras	4½	United Provinces	3½
Bombay	2½	Punjab	2½
Bengal	4	Burma	2½
Eastern Bengal and Assam	2½	Central Provinces	2½
Minor Provinces		I	

38. Next, we make a further grant of four lakhs per annum for agricultural development and research, over and above the similar grant of 20 lakhs per annum made last year. This is not a new departure, but merely another step in furtherance of the policy on which we have embarked of rendering whatever assistance it may be in the power of the State to afford to the principal industry of the country. The money will in part be reserved for expenditure by the Imperial Government, while a part will be added to the grants made to the Local Governments last year.

39. Lastly, we have decided to provide a small sum of 5 lakhs a year for education, of which approximately one-half will be applied to technical education, and the remainder to the education of Europeans and Eurasians.

The grant for technical education will be allotted as follows, *vis.* :—

	R
Bombay	1,67,000
Bengal	35,000
United Provinces	30,000
Central Provinces	22,000

40. The grant to be given to Bombay is intended primarily to develop and increase the efficiency of the three central institutions, *vis.*, the College of Science, the Victoria Jubilee Technical Institute, and the Sir Jamsetji Jijibhai School of Art, Bombay ; to provide adequate inspection for ordinary technical schools and schools of weaving and the textile industry, and for elementary drawing in all kinds of institutions ; for the creation and maintenance of three new special technical schools, and for the development and improvement of a certain number of approved technical schools by increased grants ; and for scholarships in all classes of approved technical institutions.

In the case of Bengal the grant will provide for the establishment and maintenance of a central weaving school at Serampore at which instruction in the best and latest methods of hand-weaving will be imparted.

The grant for the United Provinces is intended to assist in the proposed expansion of the mechanical apprentice class at the Roorkee College, with the object of giving a sound practical training in the principles of mechanics, steam, and electricity.

The grant to be assigned to the Central Provinces is for the establishment at Nagpur of an elementary school for handicrafts. It includes an initial grant of Rs 10,000 for buildings.

The balance of the grant, which is to be applied to the improvement of education for Europeans and Eurasians, has not yet been distributed, and its allotment is still under consideration.

41. I now turn to the principal measure to which we propose to devote the funds at our disposal. After considering various alternatives, to which I need not further allude, we have come to the conclusion that on the present occasion it is the agricultural taxpayer who has the first claim to relief. We made a small beginning in this direction last year, by abolishing the Famine cesses in Northern India* and the Central Provinces. We now propose to take a long step further by abolishing the cesses which are levied under various names such as the patwari cess, the village service cess and the like, in Madras, the Central Provinces, the United Provinces, the Punjab and the North-West Frontier Province, and to a trifling amount also in Ajmer and Coorg. The village establishments and land records which these cesses go to maintain are, in present circumstances, an important direct Government interest, and this has been recognized by the fact that in Madras only one-half of their cost has been defrayed from the village service cess, the remainder being borne by Government. Similarly in the United Provinces an annual contribution of 10 lakhs has been made from Provincial Revenues towards the Patwari Fund, and a similar practice has prevailed in the Central Provinces. In Bombay we have gone still further, for in that Province no village service cess at all is levied, and the village establishments are wholly remunerated by service lands, which means that their entire cost devolves upon the State. The cesses are administered by Government, and not by any local authority; and we now propose to abolish them altogether, subject to the minor exceptions mentioned below, and to arrange that the Provincial Governments shall take over the entire liability for maintaining the establishments, receiving compensation from Imperial revenues for the additional charges thus thrown upon them.

42. The exceptions referred to above are (1) the cess levied in Madras on "Proprietary," *i.e.*, permanently settled estates, under Madras Act II of 1894, and (2) the village officers' cess in Sind. The latter is not really a separate cess at all, but is merely a portion of the land revenue assessment, which is earmarked for the payment of the village officials. The former is a real cess, supplemental to the land revenue, and we should have been prepared to abolish it, but for certain practical difficulties that have arisen by reason of the establishments employed in the "Proprietary" tracts of Madras being in a transitional state. In both cases the amount involved is small.

43. We further propose to abolish the zemindari dāk cess in Bengal, and the eastern districts recently transferred to the new province. Both the district post, and the cess from which it is maintained, are an anachronism, and the cost of collecting the latter is out of proportion to the amount involved. In future, the entire postal service will be maintained by the Director General of the Post Office, at whose disposal funds will be placed, from Imperial revenues, for the work hitherto paid for from the cess.

44. The revenue sacrificed by this measure is Rs 82,19,000 per annum and its allocation among the various provinces is shown in the following statement:—

Province.	Name of cess abolished.	Amount.
		R
Madras	Ryotwari Village Service cess	28,00,000
Bengal	Zemindari Dāk cess	2,34,000
Do.	Patwari cess (Sambalpur)	26,000
Eastern Bengal .	Zemindari Dāk cess	1,20,000
United Provinces	Patwari cess	25,54,000
Punjab	Ditto	15,64,000
North-West Frontier Province	Ditto	1,40,000
Central Provinces .	Ditto	7,25,000†
Ajmer	Ditto	21,000
Coorg	Village Officers' cess	35,000

45. Lastly, we propose to discontinue the practice of making certain petty appropriations from the funds of District and Local Boards for various provincial purposes, such as the district post, normal schools, establishments employed in Government offices for local purposes, and the like. The amounts involved are in all cases small, but the practice, however defensible on logical grounds, has long been felt to be a blot on our administration of local funds. In future, the local bodies will receive their revenues intact, and the charges hitherto defrayed from the appropriations will be paid by the Local Governments, which will receive compensation from Imperial revenues. In the

* Practical difficulties have retarded the actual inception of this measure in the Punjab, but it will be carried out in that province from April 1906.

† This includes a sum of about Rs 2,20,000 per annum which is collected direct from tenants by the patwaris, and does not pass through the Government accounts. The intention is to discontinue the levy of the whole cess.

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case of appropriations for the district post, funds will be provided in the budget of the Post Office. The amounts involved aggregate Rs. 5,82,000, distributed as follows :—

Province.	Nature of appropriation.	Amount. R
United Provinces .	For the district post	1,90,000
Do. .	For normal schools	56,000
Do. .	For local fund establishments in Commis- sioners' offices	11,000
Punjab	For the district post	1,41,000
North-West Frontier Province	Ditto	8,000
Burma	Ditto	1,21,000
Central Provinces . .	Ditto	48,000
Coorg and Ajmer . .	Ditto	7,000

46. These last two measures will, it is hoped, go a long way towards placing our system of local taxation on a sound basis. The arrangement at which we desire to aim is that no local cesses shall be imposed on the land, supplemental to the Land Revenue proper, except such as are levied by or on behalf of local authorities for expenditure by them on genuinely local objects; in other words, local taxation on the land shall, as far as possible, be limited to what is required for local administration by local bodies, and shall not form an asset of Imperial or Provincial revenues. We have not yet attained to that ideal. Certain exceptions still survive, and in some cases good reasons may exist for retaining them. But during the two years 1905-1906 and 1906-1907, we shall have remitted or transferred to the local account items aggregating 110½ lakhs per annum, and it may fairly be claimed that by these measures not only has substantial relief been afforded to the tax-payers, but that most of the more important excrescences which have grown up around our system of local taxation have been cleared away.

47. There is a matter to which allusion may conveniently be made in this connection, though it is not directly relevant to the Budget. We are considering whether, in those provinces where the rural tax-payer will receive substantial relief under the present proposals, the District Boards might not be empowered with their own consent to levy a small additional cess for the construction or guarantee of light local railways or tramways, such as is permitted by Madras Act VI of 1900. This system has had beneficial results in Madras, and it may be expedient to extend it to other parts of India. The power would in all cases be merely permissive. The project has not yet reached the stage of a definite proposal, and may not eventually be carried out: but as it will be facilitated by the measures which we are now undertaking, it is expedient to mention it in connection with them.

48. The cost of these five measures is £813,400 per annum, and it is distributed as follows :—

	£
Improvements in civil administration	226,700
Reduction of local taxation	547,900
Transfer to local taxation account	38,800
TOTAL	813,400

Ways and Means.

49. As stated in paragraph 23, our revenue account closes with a surplus of £874,100 which is carried forward to the second part of the statement dealing with Capital and Debt transactions, including Deposits, Remittances and Advances. Our total estimate of Capital Expenditure not chargeable to Revenue, on Railways and Irrigation Major Works is £10,864,100, of which £833,300 is for Irrigation, £7,697,900 for State Railways, £2,032,900 for expenditure by Railway Companies, and £300,000 for the purchase of the Simla-Kalka Railway. In addition to the above, we have to find £836,000 for the discharge of permanent debt (chiefly Bombay, Baroda and Central India Railway debentures). We have also to make a net payment of £1,030,600 under Deposits and Remittances, and of £456,700 on account of loans to local bodies, takavi advances to cultivators, etc. Our aggregate capital requirements thus amount to £13,187,400.

50. To meet this outlay we have (1) the revenue surplus of £874,100, (2) the net receipts of the Post Office Savings Banks which are estimated at £608,000, and (3) a sum of £2,785,500 to be raised by Railway Companies. These various resources amount to £4,267,600, leaving £8,919,800 still to be provided. We propose to meet

this by borrowing £5,000,000, of which £2,000,000 will be raised in England, and $4\frac{1}{2}$ crores of rupees or £3,000,000 in India. The remainder will be obtained from our cash balances. These are expected to stand on the 31st March 1907 at £12,305,770 in India, and at £5,218,981 in England.

51. The announcement regarding the amounts to be borrowed in England and India is made subject to the usual reservation, and the Government of India retain full discretion to vary the programme, as now declared, to any extent that may be considered desirable.

52. The present intention of the Secretary of State is to draw bills on India to the amount of £17,800,000, but this also is subject to a similar reservation. This estimate of Council drawings is for the amount necessary to provide for the Secretary of State's requirements: but additional bills will, as usual, be sold, if needed to meet the demands of trade.

Army Services.

53. I append the usual statement showing the total expenditure on the Army under the various heads during the past five years :—

	Army.	Military Works.	Marine.	Special Defences.	TOTAL.
	£	£	£	£	£
1902-1903	17,346,392	1,096,669	378,211	...	18,821,272
1903-1904	17,865,208	1,034,654	580,307	27,054	19,507,223
1904-1905	20,175,694	981,599	589,467	128,295	21,875,055
1905-1906 (Revised Estimate) .	19,440,300	1,077,900	523,600	192,000	21,233,800
1906-1907 (Budget Estimate) .	19,846,700	1,169,400	594,000	231,500	21,841,600

54. There is little new to say on this subject. As already stated in paragraph 32, the home authorities found it impossible to complete the intended arrangements for the supply of new artillery and stocks of ammunition, and of the Budget provision the large sum of £998,700 will remain unexpended at the close of the year. The greater part of this, though not the whole, represents liabilities which will have to be discharged during the ensuing year. It is the usual practice to provide for the regrant of lapses up to a limit of 50 lakhs, or £333,000 a year, but in view of the magnitude of the lapse on the present occasion we have made a further grant in 1906-1907 of 40 lakhs or £267,000. Beyond this we have not found it possible to go; and even as it is, the ultimate completion of the scheme of reorganization will be somewhat retarded. No time will, however, be lost in effecting the full provision of new guns, rifles and reserves of ammunition, and we hope also to make substantial progress with the reorganization of our batteries of horse and field artillery, the provision of additional mule corps and cadres, and the supply of improved and increased ammunition columns, besides some other measures of less but still substantial importance. It has not been necessary to resort to borrowing for the prosecution of the scheme, and as was explained last year, it is not intended to have recourse to that step if it can be avoided by reasonable means.

Railway Construction and Earnings.

55. The following statement shows in the usual form the Capital Expenditure on Railways during the past five years, and the Budget Estimate for 1906-1907, whether incurred directly by the State or through the agency of Guaranteed or Assisted Companies :—

	1901-1902.	1902-1903.	1903-1904.	1904-1905.	1905-1906 (Revised).	1906-1907 (Budget).
	£	£	£	£	£	£
Open lines, including rolling stock	2,350,510	3,211,634	3,725,134	3,351,734	4,844,200	5,940,600
Lines under construction—						
(a) Started in previous year	3,393,756	3,016,666	2,091,200	3,246,066	3,206,934	3,592,734
(b) Started in current year	170,933	476,764	564,134	590,800	282,200	466,666
TOTAL	5,915,199	6,705,064	6,380,468	7,188,600	8,333,334	10,000,000

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56. On the 31st March 1905 the total length of open lines was 27,728 miles classified according to gauge as follows :—

5' 6" gauge	.	.	.	.	.	.	.	.	.	14,772
Metre gauge	.	.	.	.	.	.	.	.	.	11,778
Special gauges	.	.	.	.	.	.	.	.	.	1,178
TOTAL										27,728

During the current year we have added to these approximately the following mileage :—

5' 6" gauge	.	.	.	.	.	.	.	.	.	389
Metre gauge	.	.	.	.	.	.	.	.	.	487
Special gauges	.	.	.	.	.	.	.	.	.	80
TOTAL										956

During the ensuing year, we hope to increase this length by 973 miles more.

57. The grant for the current year was $12\frac{1}{2}$ crores of rupees, and we expect that this large sum will have been spent in full. This includes the purchase price, *viz.*, $17\frac{1}{4}$ lakhs, of the Noakhali Railway, which has recently been bought by Government. We also purchased the Bengal Central Railway and the important Bombay, Baroda and Central India system during the year, but this was effected by the issue of stock, and does not affect the capital cash outlay of the year. The Madras Railway is now the only one of the old Guaranteed Railways which has not been taken over by the State. For next year, we have found ourselves able to provide the very large sum of 15 crores of rupees, or ten millions sterling, for capital outlay, of which 655 lakhs will be expended by the State, and 845 lakhs through the agency of Companies. Of the total grant, 891 lakhs have been reserved for expenditure on open lines, and 609 lakhs for new lines and lines under construction. The former very liberal allotment will enable the railway administrations to keep pace with the development of traffic on existing lines. The principal grants proposed are 210 lakhs for the North Western Railway, of which a little less than one-third is for the prosecution of the doubling of the line from Rohri to Samasata; 128 lakhs for the East Indian Railway, of which a small sum is for the new Agra City terminus, and the remainder is for the main line; 86 lakhs for the Great Indian Peninsula; and 117 for the Bengal-Nagpur Railway.

58. As regards new lines and lines in progress, we propose to allot 141 lakhs to the important Nagda-Muttra Chord, which has made good progress but which can scarcely be completed before 1907-1908; and 10 lakhs for the Baran-Kotah line, which will link up the Nagda-Muttra Railway with the Indian Midland system. Seventy-two lakhs will be spent on the Bengal-Nagpur Railway system, which will enable us to complete the short but useful Pench Valley Branch, and to effect material progress with the Purulia-Ranchi line. A beginning will also be made with the Vizianagram-Raipur line, 311 miles long, which is to link up the Central Indian plateau with the East Coast. In addition, we shall assign 57 lakhs for lines in Burma, 47 lakhs for further work on the Katihar-Godagiri Railway in Northern Bengal, a line which may eventually give the metre-gauge systems a direct entry into Calcutta; $26\frac{1}{2}$ lakhs to the Great Indian Peninsula system; 35 lakhs for the Shilman branch of the North Western Railway, which was put in hand last autumn; $13\frac{1}{2}$ lakhs for the Golakganj-Gauhati line; and $20\frac{1}{2}$ lakhs and 24 lakhs for extensions of the South Indian and Tirhut State Railways respectively.

59. The earnings of the open lines continued to expand, and the net surplus of the current year, though falling short of that of 1904-1905, is expected to exceed £2,000,000. The following are the figures for the last seven years :—

Year.	Receipts.	Charges.	Net surplus.
	£	£	£
1899-1900 . . .	16,587,845	16,511,089	76,756
1900-1901 . . .	18,293,629	17,968,505	325,124
1901-1902 . . .	20,225,968	19,379,352	846,616
1902-1903 . . .	20,133,900	19,904,951	228,949
1903-1904 . . .	21,557,866	20,697,197	860,669
1904-1905 . . .	24,022,465	21,917,027	2,105,438
1905-1906, Revised . .	24,658,200	22,632,700	2,025,500
1906-1907, Budget . .	26,154,600	23,925,300	2,229,300

60. As has been explained on former occasions, the charges shown above include *inter alia* interest on capital of all lines whether open for traffic or not, and annuity payments in liquidation of the purchase price of certain lines which have been bought by Government. The capital at charge at the end of the present year is estimated at £250,129,517. The net receipts are estimated to amount to £13,027,900, which represents a return on the capital of 5·21 per cent. If open lines only are taken into account, the capital at charge amounts to £244,057,303 and the net return to 5·34 per cent. As the open mileage increases year by year, it may certainly be expected that both gross and net receipts will continue to expand: and as traffic develops it may be anticipated with reasonable confidence that over a series of years the net surplus after payment of interest and similar charges will also continue to grow. But experience shows that in any individual year, a set back is liable to occur. Thus the surplus of the current year is estimated to fall short of that of 1904-1905 by £80,000; and in 1902-1903 it receded by £618,000 as compared with 1901-1902. The growth may be continuous, but we cannot hope that it will be uninterrupted; and having regard to the great magnitude of the sums involved, it is manifest that in estimating the value of our Railway property as an asset of the budget, it is only common prudence to allow for a liberal margin of safety.

Irrigation.

61. The following table exhibits the principal figures of Revenue and Expenditure connected with Irrigation:—

		1902-1903.	1903-1904.	1904-1905.	1905-1906, Revised.	1906-1907, Budget.
		£	£	£	£	£
PRODUCTIVE WORKS.	Capital Outlay to end of year	23,137,270	23,718,032	24,084,700	24,636,900	25,499,100
	Direct Receipts	1,760,295	1,857,460	1,940,670	1,809,600	2,058,900
	Land Revenue due to Irriga- tion	805,713	828,371	883,809	901,900	942,000
	TOTAL	2,566,008	2,685,831	2,824,479	2,711,500	3,000,900
	Working Expenses	732,819	789,225	849,700	875,600	877,100
	Interest	910,285	933,105	949,928	967,700	995,000
PROTECTIVE WORKS.	TOTAL	1,643,104	1,722,330	1,799,628	1,843,300	1,872,100
	NET PROFIT	922,904	963,501	1,024,851	868,200	1,128,800
	Outlay on Construction to end of year	1,500,174	1,572,594	1,720,397	1,962,100	2,340,600
	Direct Receipts	55,973	62,570	53,661	61,300	61,900
	Land Revenue due to Irriga- tion	8,680	8,768	9,441	10,100	10,100
	TOTAL	64,653	71,338	63,102	71,400	72,000
MINOR WORKS AND NAVIGATION.	Working Expenses	21,791	21,526	25,581	23,300	24,000
	Interest	58,820	61,129	65,296	72,600	84,200
	TOTAL	80,611	82,655	90,877	95,900	108,200
	NET LOSS	15,958	11,317	27,775	24,500	36,200
	Direct Receipts	138,329	154,594	183,455	169,600	177,000
	Expenditure	851,529	875,021	895,843	969,300	1,012,600
	NET LOSS	713,200	720,427	712,393	799,700	835,600

62. To the end of 1904-1905 we had expended 3,613 lakhs on productive works, and 258 lakhs on protective works. We had constructed 19,057 miles of main and branch canals and 31,119 miles of distributaries, which, in that year, commanded and protected $43\frac{1}{2}$ million acres of land and actually irrigated 20,167,967 acres. During the year now expiring we expect to have increased this mileage to 19,158 and 31,496 respectively, the area protected being increased by over 52,000 acres. The direct net return to Government on the capital outlay on productive works, which alone are constructed from loan funds, is estimated at 8·2 per cent, and the net profit to the State, after payment of all charges including interest, is estimated at 154 lakhs of rupees.

63. In addition to the works actually in operation, we have a lengthy programme of new projects, which are either under construction or are being examined by the professional advisers of Government, or in some cases awaiting sanction. The principal figures in regard to these are the following:—

	Productive.	Protective.	Minor works.
1. Number of projects	16	26	4
2. Culturable area commanded, in acres	5,164,704	4,309,686	45,691
3. Estimated annual irrigation, in acres	3,186,381	1,585,844	17,704
4. Do. cost	Rs 14,26,59,018	14,95,72,874	18,37,352
5. Do. net revenue	Rs 1,29,08,008	44,64,127	37,297
6. Do. return on capital outlay	9·05 per cent	2·98 per cent	—

64. In paragraph 44 of last year's Financial Statement I referred briefly to three of these projects which are still in course of construction in the Punjab. Only three others are of sufficient individual interest or magnitude to call for remark. One of these is the Upper Swat River Canal in the North-West Frontier Province, which will take off from the same source as the highly profitable Swat River Canal. It is designed to carry the water of the Swat River under the Malakand pass through a tunnel 5,000 feet long, and thence *via* the Dargai Nullah into the Peshawar valley. The fall from the lower end of the tunnel will probably be utilized to generate electric power for various purposes in the neighbourhood. The whole work is estimated to cost 178 lakhs, to command 449,000 acres, and to irrigate 382,000 acres, and is expected to yield the handsome return of $8\frac{1}{4}$ per cent on its capital cost. The second project is the Mahanadi Canal in the Raipur District of the Central Provinces. It is estimated to cost 95 lakhs and to irrigate 200,000 acres of culturable land. The probable return is expected to be only 3·14 per cent, and if it is eventually decided to construct the canal, it will be undertaken as a protective work. Its chief interest lies in the fact that it is the first large irrigation work to be undertaken in the Central Provinces, a tract which has suffered severely from drought during the last ten years. The last scheme of which notice may be made is of a different character. It is a modest project for irrigating 50,000 acres of land on Divi island at the mouth of the Kistna River by raising water from the river by means of centrifugal pumps driven by Diesel oil engines. The cost is estimated at Rs 18,06,000, and it is expected to yield a return of $9\frac{3}{4}$ per cent on the outlay. It constitutes the first attempt in this country to irrigate by means of power-lifted water on a large scale—a method which has been adopted with success in Egypt. The possibility of applying this method profitably in India has been brought within the sphere of practical politics by the development of the oil engine, which it is hoped can be worked at about half the cost of an equally powerful steam engine burning coal. If the experiment proves successful, it may render feasible a number of schemes of which the cost has so far proved prohibitive.

65. This programme is, broadly speaking, the first fruits of the labours of the Irrigation Commission, whose capable and comprehensive report has been in the hands of Government for some two years. But while the list of projects so far approved is sufficient to occupy the full strength of our engineer staff for the next four or five years, and to absorb all the funds likely to be available during that period, it is very far from exhausting the tale of useful schemes which the Commission presented for the consideration of Government. The latter contemplated an aggregate expenditure of 44 crores of rupees to be spread over a period of 20 years; and it will manifestly occupy a long time to examine the details of these, to weigh their respective financial and protective prospects, to select those which present the best promise, and to prepare the requisite plans and estimates. Many of them are now being examined in this manner by the various Local Governments, but the only one to which reference may now be made is the great Tungabhadra project in Madras.

This ambitious work is designed to irrigate 970,000 acres of land and, in years of drought to afford protection to a million acres more, in the Bellary, Anantapur, Kurnool, Cuddapah, and Nellore Districts, and is estimated to cost rather more than 12 crores of rupees. At its eastern extremity, where it connects with the Penna River, the work is likely to yield satisfactory results. To the west, however, much of the country traversed consists of black cotton soil, in which, in seasons of a favourable monsoon, irrigation is neither necessary nor particularly advantageous. Its main value will therefore consist in affording protection in time of drought, and, as a whole, it is only likely to yield a very small pecuniary return on its capital cost. Direct financial returns are not the main, or even an important, criterion of the merits of a protective irrigation work: and enormous though the cost may be, Government will not shrink from it if on full consideration it is found to be indispensable for the complete protection of a large and thickly-populated area. But it will be a matter for anxious thought whether other parts of India have not stronger relative claims, and whether the great sum of money involved might not be employed to better advantage elsewhere.

Exchange, Rupee Coinage, and the Gold Reserve Fund.

66. The question of sterling exchange no longer bulks largely in Indian Financial Statements as it used to do in former years. The average rate obtained for Council drafts during the first eleven months of the year was 1s. 4·047d., and the fluctuations were relatively trifling. This is the eighth year in succession in which practical stability has been secured; and it is perhaps not oversanguine to hope that public confidence in its permanent maintenance is in a fair way to be established, not merely in this country where the true facts are known and understood, but more particularly in London to which we must look for the cheap capital that India so sorely needs, and whose investors and capitalists have so long been warned off the Indian market by the uncertainties of exchange.

67. During the year we purchased silver for coinage to the value of £8,574,000. The net addition made to the rupee coinage during each year since 1899-1900, when minting operations were resumed, has been as follows:—

	Lakhs.
1899-1900	52
1900-1901	13,27
1901-1902	3,11
1902-1903	14
1903-1904	10,65
1904-1905	7,31
1905-1906 (Estimated)	16,50

68. Formerly it was the custom to defer the purchase of silver till it was actually required for immediate coinage. Purchases were thus usually made in large individual amounts, the bulk of them being concentrated into three or four months when the trade demand for rupees was highest. During the current year, however, it has been decided to alter this practice, and to spread both purchase and coining as far as possible over the whole twelve months. At the beginning of each quarter an estimate is framed of the amount likely to be required during the next three months, and arrangements are made to purchase that amount gradually within the quarter and ship it to India, where it is at once made over to the Mints. It is true that early in the year materials for a really accurate estimate do not exist. But even if we should happen to overpurchase (which has not yet happened), little or no harm is done, for in present conditions the demand for silver for new coinage, though liable to fluctuate, is persistent and inevitable, and any temporary surplus would soon be worked off. If the purchases are paid for by taking gold from the Currency Reserve, we do not even lose anything in the form of interest. The advantage of the new arrangement is that we are less liable to be rushed by sudden pressure, or forced to buy in a rising market. Taken in conjunction with the ingot reserve, of which a full account was given in the last Financial Statement, it greatly strengthens the position of the Government and increases its capacity to meet the demands of trade.

69. The ingot reserve has proved of great service during the past year. The sales of Councils during the year were on an exceptionally heavy scale, and in November notwithstanding extensive purchases of silver it became necessary to draw upon the ingot reserve, which was completely exhausted by the middle of January.

The experience thus gained shows that the amount at which it was originally fixed, *viz.* three crores of tolas, is not sufficiently large, and it has been decided, with the approval of the Secretary of State, to raise it to six crores of tolas. This amount is approximately sufficient to keep the Mints fully occupied for two months. Further developments of this valuable special reserve are now in contemplation, but have not yet reached a stage at which it is possible to make any announcement regarding them.

70. The Gold Reserve Fund will have been augmented during the year by the sum of £3,734,100, of which £3,488,700 represents the profit on coinage, and £245,400 is interest. The Fund now stands at £12,262,700, the whole of which has been, or will very shortly be, invested in Consols, in National War Loan stock, Transvaal Government guaranteed stock, Local Loans stock, and a portion in Treasury Bills. The amount of gold held in the Paper Currency Reserve on the 15th instant was £11,575,400, of which £7,045,000 was in the Secretary of State's Currency Chest in London, and the remainder in India. This subject is further referred to in a later section of the Financial Statement.

Note Circulation and the Paper Currency Reserve.

71. I append the usual statements illustrating the note circulation and the Government balances with the Presidency Banks. The first of the two statements shows separately (1) the gross circulation, and (2) the circulation, excluding the notes held by the Reserve Treasuries, and by the Presidency Banks at their head offices.

Circulation of Currency Notes.

[Lakhs of rupees.]

	1902-1903.	1903-1904.	1904-1905.	1905-1906 (11 months).
GROSS CIRCULATION.				
Average	33,74	36,41	39,20	41,23
Maximum	35,72	38,21	42,52	43,79
Minimum	31,25	33,94	36,11	39,63
NET CIRCULATION.				
Average	25,74	28,70	30,69	32,78
Maximum	27,35	30,30	31,82	34,63
Minimum	23,93	27,44	29,63	31,06

Government Balances with the Presidency Banks.

[Thousands of rupees.]

	1901.	1902.	1903.	1904.	1905.	1906.
January	2,64,54	2,85,89	3,07,63	2,69,52	2,92,99	2,89,83
February	2,86,73	2,97,16	3,32,02	2,91,84	3,00,50	3,23,28
March	3,15,79	3,11,24	3,36,91	3,26,74	3,43,40	
December	2,82,02	3,05,84	2,79,07	3,01,32	2,76,70	

72. By the Paper Currency Act of 1905, which became law in March last, two changes of considerable importance were introduced in the law relating to the Currency Reserve. The first of these empowered Government to increase the currency investment by 2 crores, and to invest that amount in sterling securities of the United Kingdom or of the Government of India. Before the passing of the Act, investment was only permitted in rupee securities of the Government of India, and not in sterling. Effect was given to these provisions by the Secretary of

State in August 1905, when the sale-proceeds of Council drafts to the amount of £1,333,333 $\frac{1}{2}$ were invested as follows, *viz.*, (1) 2 $\frac{1}{2}$ per cent consols of the nominal value of £923,646-9-11 costing £837,614-6-8 and (2) 2 $\frac{3}{4}$ per cent Exchequer bonds (1906—15) of the nominal value of half a million, costing £495,710. The interest on these investments amounts to £36,841 per annum, and this represents the gain to Indian revenues effected by the amendment of the law.

73. The other change was one rather of form than of substance, and its significance lies mainly in the greater extent and more systematic manner in which we have used powers already existing, rather than in any actual addition to those powers themselves. By the Gold Note Acts of 1898 and 1900, the Government of India had obtained authority to hold a part of the metallic portion of the currency reserve in gold coin (or temporarily in silver bullion) in London, instead of in India. The object of these enactments was merely to afford temporary relief to the Indian money market in seasons of stress when the trade demand for rupees was greater than could be supplied from the Treasury balances. A certain amount of gold had in this way been held in London during 1899 and 1900, but not to any large extent, and the occasion for doing so ceased, except in regard to gold in transit, from the middle of 1900. Experience had, however, shown not merely that it was desirable to possess the power, but also that it was advantageous to exercise it in a regular and systematic manner. Accordingly, the new Act was framed in such a way as to give full power to hold the metallic portion of the currency reserve, or any part of it, either in London or in India, or partly in both places, and also in gold coin or bullion, or in rupees or silver bullion, at the free discretion of Government, subject only to the exception that rupees should be kept only in India and not in London. Full power was also taken to vary the amounts held in London and India respectively from time to time, provided always that the aggregate holding was such as was required by law.

74. In accordance with this arrangement, the Secretary of State has established a currency chest in London, and during the year we have remitted thereto sums aggregating £7,045,000, the gold being held by the Bank of England on behalf of the Secretary of State as part of the paper currency reserve. The true nature of the transaction was not at first realized in some quarters, and a leading financial paper at Home, referring to one of the remittances, expressed the view that "to place the gold in the vaults of the Bank of England and to prevent its use in the market would be an act of waste which cannot be seriously contemplated." Subsequently, another paper observed that "this special earmarking seems a primitive and unduly costly device, if the aim of the Indian Government is, as is stated, merely to provide a fund which can be used as required for the purchase of silver; for that end would be equally well attained by an ordinary deposit with the Bank of England." These remarks indicate a misapprehension of the facts. The Government of India is required by law, for the purpose of securing the convertibility of its currency notes, to maintain a stock of gold or silver coin or bullion equal to the excess of its entire note circulation over the sum of 12 crores of rupees. This obligation exactly corresponds to that which is imposed by law on the Bank of England to maintain a stock of gold to cover its note issues in excess of the sum of £18,450,000. The gold which has been placed in the Secretary of State's currency chest in London forms a portion of this stock. It is equally withdrawn from the market, whether it is held in London or in Calcutta, and its place would not be taken nor its purpose served by an ordinary deposit with the Bank of England. On the other hand, if at any time it were found convenient to place the gold at the free disposal of the Secretary of State, we could immediately do so by transferring an equivalent sum from our treasury balances to our Currency Reserve in India, if the state of the former permitted of that course. This transaction could obviously be carried out much more promptly and easily than if the whole of the gold were locked up in this country.

75. The practical advantages of establishing a currency chest in London and keeping a substantial sum in gold therein are mainly the following:—

- (1) When held in London the gold is one stage nearer the point at which it becomes practically effective for its primary purpose of securing the encashment of currency notes. So long as gold is not in active circulation in India, what the presenter of currency notes requires is not sovereigns but rupees, and the silver bullion which must be purchased for the coinage of these can ordinarily only be procured in Europe and not in this country.

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- (2) It enables the Secretary of State to effect his purchases of silver in the promptest and most convenient manner as occasion may require, and without the publicity attendant on the shipment of gold from India. It is open to him either to treat the silver so purchased from the first as a portion of the reserve, or, if preferred, to pay for it in the first instance from his Treasury balances, and then subsequently to recoup these from the currency chest, the latter being replenished by Council sales or direct remittances from India.
- (3) It also affords a method which might in certain circumstances be very useful of speedily replenishing the Secretary of State's Treasury balances. If at any time the demand for Councils should be insufficient to supply his current requirements, it would be possible for him to transfer a part of the gold in his currency chest to his Treasury account, a corresponding transfer of either rupees or gold being simultaneously made in India from Treasury to Currency.
- (4) Conversely, it affords a means of giving relief to our Treasury balances when the trade demand for Council drafts is too large for them to meet. In such a case, it would be possible for the Secretary of State to pay the sale-proceeds of the Councils into his currency chest, thereby setting free an equivalent amount in rupees in India, which would be available for meeting the drafts.
- (5) Lastly, it facilitates the prompt investment of the receipts of the Gold Reserve Fund. When profits on coinage accrue in India the Secretary of State can at any moment draw the equivalent amount from his currency chest and invest it, a corresponding transfer being made in this country from the balance of the Gold Reserve Fund to Currency.

76. The whole arrangement is the logical and legitimate corollary of the system which has long been in operation in India by which the utmost freedom of transfer is permitted between the Currency Reserve and Treasury balances, subject always to the essential condition that the aggregate amount of coin and bullion held in the various currency chests throughout India is invariably maintained at the figure prescribed by law. This system has been productive of substantial economy in obviating the unnecessary movement of coin and enabling the whole cash resources of the State to be made available wherever they are required at any moment. Analogous advantages may be expected to ensue from the present development.

Council Drawings.

77. The drawings of the Secretary of State have largely increased during the past three years, the average sales from 1903-1904 to 1905-1906 having been £26,620,200 against an average of £17,620,000 during the previous five years. This increase does not correspond to any equivalent expansion of the Secretary of State's requirements on revenue account (which constitute the Home charges proper), though there has been some growth of the latter also. It is due primarily to the great trade demand for remittance to finance the export trade of India which has developed very largely of late. Since the closing of the mints and the establishment of the gold standard, the only means of obtaining currency that was open to trade, apart from the purchase of Council drafts and transfers, was to bring out gold to India. When, as is now the case, a sufficient stock of gold has been accumulated in the Currency Reserve to make the standard effective, and so long as gold is not to any large extent in active circulation, this method is wasteful; for it involves the eventual reshipment of the imports of that metal to Europe for the purchase of silver for coinage. To avoid this result, the policy of Government has been to sell Council drafts freely so as to supply the trade demand to the fullest extent up to the limit of our capacity to meet them. A recent development of this policy has taken the form of selling telegraphic transfers against shipments of gold from Australia, which are thus diverted from India to London.

78. The surplus proceeds of these sales, in excess of the Secretary of State's requirements on revenue account, have been applied partly to the purchase of silver for coinage, partly to strengthening the cash balances of the Home Treasury, and partly to defraying capital outlay required in connection with railway construction. The following statement gives an abstract (in round figures) of the transactions of the last

eight years, from 1898-1899 to 1905-1906. Transactions on account of the Gold Reserve Fund and of the Paper Currency sterling investment are excluded :—

Amount of Council Bills, etc., drawn	157,980,000
Remittance of gold on Treasury account	999,000
Receipts from His Majesty's Government against disbursements in India, mainly in connection with the war in South Africa, China, and Somaliland, <i>net</i>	8,001,000
TOTAL	166,980,000
Expenditure on Revenue account (<i>net</i>)	138,017,000
Surplus receipts	28,963,000

These have been applied as follows :—

Purchase of silver, <i>net, i.e.</i> , disbursements in excess of gold shipped from India, or withdrawn from currency, for that purpose	10,308,000
Gold transferred to Currency chest in London	1,045,000
Capital expenditure, <i>net, i.e.</i> , disbursements in excess of loan receipts, including transactions of Railway Companies	11,953,000
Remittance and deposit transactions, <i>net</i>	46,000
Increase of cash balances	5,611,000
TOTAL	28,963,000

79. During the current year, the sales are expected to reach the high figure of £31,576,300, or excluding £1,333,300 on account of the Paper Currency investment, to £30,243,000. This exceeds the Budget Estimate—which was as usual framed with exclusive regard to the Secretary of State's own requirements—by £13,743,000. The excess has been employed as follows :—

Purchase of silver for coinage (<i>net</i>)	7,924,000
Sterling investments on account of the Gold Reserve Fund	3,543,000
Remitted to India through the Secretary of State's Currency chest	1,045,000
Transferred to the balances of the Home Treasury	1,231,000
TOTAL	13,743,000

The Secretary of State's cash balances were drawn upon during the year to the amount of £2,118,000. But for the addition made to them, as explained above, they would have been reduced by £3,349,000.

Countervailing Duties on Sugar.

80. By a notification, dated the 2nd December 1903, the countervailing duties on sugar were remitted, under certain safeguards, in the case of countries which had adhered to the Brussels Convention of 1902, and sufficient time has now elapsed to enable a fairly clear idea to be formed of the effect on the Indian sugar industry of the legislation on this subject which was inaugurated in 1899. It may therefore be of interest to take stock of the position. It must, I fear, be acknowledged that the practical results have been of the most slender description.

81. The legislation in question was embodied in four Acts of the India Council passed respectively in 1899, 1902, 1903, and 1904. The two last, however, were little more than continuing enactments, and the substance of the law was contained in the two former.

82. The idea underlying the Act of 1899 was that bounty-fed beet-sugar, the product chiefly of Germany and Austria-Hungary, was competing unfairly with the Indian article, that in consequence the area under sugar-cane was being reduced, and refineries closed down, and that to avert the ruin of the Indian industry it was necessary to countervail the export bounty. The following statement shows the approximate acreage under sugar-cane in British India in each year from 1890-1891 to 1898-1899 :—

1890-1891	2,758,000
1891-1892	3,100,000
1892-1893	2,798,000
1893-1894	2,897,000
1894-1895	2,764,000
1895-1896	2,930,000
1896-1897	2,651,000
1897-1898	2,648,000
1898-1899	2,755,000

83. In introducing the Bill, Sir J. Westland said that in recent years the area had contracted by 13 per cent. As regards refineries, Government has never possessed any statistics of the slightest value; but at that time it was reported that in the United Provinces, which is the most important sugar-producing province in India, 120 refineries had already been closed, and 60 more were about to be shut down. During the same period the imports of sugar from over-sea had been as follows (in tons):—

YEAR.	CANE.		BEET.		TOTAL.	
	Refined.	Unrefined.	Refined.	Unrefined.	Refined.	Unrefined.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
1890-1891 . .	90,944	9,870	45,781	...	136,725	9,870
1891-1892 . .	89,423	7,206	14,026	1	103,449	7,207
1892-1893 . .	77,510	5,596	14,883	...	92,393	5,596
1893-1894 . .	91,305	4,830	10,257	1	101,562	4,831
1894-1895 . .	100,499	9,708	14,311	13	114,810	9,721
1895-1896 . .	89,738	10,297	36,511	2	126,249	10,299
1896-1897 . .	89,782	8,939	44,341	8	134,123	8,947
1897-1898 . .	100,003	18,660	111,766	2	211,769	18,662
1898-1899 . .	111,931	15,629	76,314	...	188,245	15,629

84. The large imports of beet-sugar in 1890-1891 were quite exceptional, the highest figure previous to that year having been only a little over 3,000 tons. Allowing for this, the growth of the imports was undoubtedly large, and was clearly traceable to the operation of the Continental bounty system. There is no evidence to show that, in its origin, the grant of bounties on export was an essential condition of the latter system, or anything more than the complement of high duties on import and internal consumption. But from a variety of causes, among which the fixing of inaccurate equivalents of refined and unrefined sugar was prominent, it had gradually come to assume the position of a leading characteristic. In the late nineties the principal features of the system in force in the chief beet-growing countries included (1) a bounty on exports, (2) an internal tax on the indigenous industry, to provide the bounties, or recoup them, and (3) a prohibitive import duty to exclude foreign competition. So long as there was free competition within the producing country, the adventitious profit which local producers and refiners were able to exact from the home consumers was limited by the amount of the bounty on export: and it was in this view that the Indian legislature in 1899, following the lead of the United States of America, considered it sufficient to impose duties equivalent to the latter.

85. Continental manufacturers had, however, already perceived the limitation imposed on their profits by the existence of free competition, and had begun to form combinations—known as cartels—among themselves in order to restrict its effect. The primary object of these cartels was to raise the price of sugar in the home market approximately to that at which it would be possible to import and sell foreign sugar. The surplus outturn for which no market could be found at these enhanced prices had to be exported, and thus a fresh stimulus was given to the export of the bounty-fed article. The partial closing of the American market by legislation helped to divert a portion of the stream to India. The limit of the adventitious profit which this system rendered possible was the surtax, or difference between the import and local consumption duties. The first cartel, that of Austria-Hungary, was established in 1897-1898, and that of Germany followed in 1900.

86. It was in order to check the imports thus artificially stimulated that the legislation of 1902 was undertaken. The form and duration of the law were influenced by the resolutions adopted in the Brussels Convention which had been signed in March of the same year, the amount of the countervailing duties being limited to one-half the amount of the surtax and their operation to the 31st August 1903, to which date the enforcement of the Convention had been relegated. The power to levy duties was subsequently extended to 31st March 1904, and eventually continued indefinitely subject to certain conditions. As already explained, however, the duties were actually abolished in December 1903 in the case of those countries which had adhered to the Convention, and the only duties now remaining in force are those in respect of Denmark, Russia, Chili, and the Argentine Republic, from which the imports into India are practically *nil*.

87. To enable us to trace the effect, if any, of the duties, and of their withdrawal, on the Indian industry, I now give information similar to that in paragraphs 82 and 83 above, brought down to December 1905 :—

I.—Approximate acreage under sugar-cane in British India since 1899-1900.

1899-1900	.	.	.	.	.	2,693,000
1900-1901	.	.	.	.	.	2,522,000
1901-1902	.	.	.	.	.	2,474,000
1902-1903	.	.	.	.	.	2,358,000
1903-1904	.	.	.	.	.	2,280,000
1904-1905	.	.	.	.	.	2,400,000
1905-1906 (first nine months)	.	.	.	.	.	2,222,000

II.—Imports of sugar into British India by sea.

YEAR.	CANE.		BEET.		TOTAL.	
	Refined.	Unrefined.	Refined.	Unrefined.	Refined.	Unrefined.
	Tons.	Tons.	Tons.	Tons.	Tons.	Tons.
1899-1900 ..	103,173	21,243	43,625	...	146,798	21,243
1900-1901 .	153,110	20,432	90,295	...	243,405	20,432
1901-1902 .	125,190	28,082	147,393	1	272,583	28,083
1902-1903 .	177,065	22,560	73,484	1	250,549	22,561
1903-1904 .	251,822	23,820	41,051	...	292,873	23,820
1904-1905 .	236,099	23,611	87,130	1	323,229	23,612
1905-1906 (first nine months) .	168,171	10,381	49,980	...	218,151	10,381

On an inspection of these figures, it is impossible to resist the conclusion that the experiment—for it was admittedly nothing more—has proved a disappointing failure. It has not so far arrested the progressive decline in the acreage under sugar-cane, which fell from $2\frac{3}{4}$ million acres in 1898-1899 to $2\frac{1}{4}$ millions in 1903-1904. There was no doubt some recovery in 1904-1905, but it would be rash to build much on this, and in any case, should it happily prove to be the beginning of a permanent revival, there are independent causes at work which, so far as present indications go, are sufficient to account for it. The figures so far available for the current year exhibit a further decline. Neither has it seriously affected imports of beet-sugar, which reached their highest figure in 1901-1902, and which during 1904-1905 were far above the level of the average before the legislation of 1899 was undertaken. During the first nine months of the current year, 1905-1906, the imports of beet were less than in the corresponding period of 1904-1905, but were much in excess of those of the previous year; and the reduction was in part at least attributable to the shortage of the crop both on the Continent, and in Mauritius. The former cause led to high prices and over-speculation and resulted eventually in extensive disorganization of trade.

88. The question of prices is complicated by a variety of factors, some of which are unconnected with Indian legislation. The following table gives the prices per cwt. of beet-sugar (refined) at Calcutta and Bombay, and of Indian raw-sugar at Cawnpore, on the 1st September of each year since 1895 inclusive, that date being taken as representing the commencement of a new beet-sugar "campaign."

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Price of refined beet-sugar at Calcutta and Bombay and of Indian raw sugar at Cawnpore on or about the 1st September of each year from 1895 to 1905.

YEAR.	REFINED BEET-SUGAR (PER CWT.).		INDIAN RAW-SUGAR (PER CWT.)
	Calcutta (German crystals).	Bombay (a) (Austrian).	Cawnpore (gur or jaggery).
	₹ a. p.	₹ a. p.	₹ a. p.
1895	12 5 4	} Information not available.	
1896	12 14 11		
1897	10 14 3	...	7 8 3
1898	10 8 1	11 2 0	4 15 2
1899	11 13 2	13 0 0	4 15 2
1900	12 6 9	13 0 0	6 12 11
1901	10 10 10	11 3 0	6 0 9
1902	9 11 2	(b) 9 6 0	4 11 9
1903	10 11 6	(c) 10 15 0	5 11 7
1904	10 8 9	10 9 0	6 6 6
1905	10 14 3	12 4 0	5 14 2

(a) Exclusive of town duty at as. 8 per cwt. (b) Ordinary crystals. (c) Dutch, superior.

It is impossible to trace in these figures any clear connection between Indian prices and countervailing legislation. The heavy fall in 1898 may conceivably be associated with the large imports of the two preceding years ; but the level of prices remained the same in 1899, notwithstanding the duties imposed in March of that year. In the two following years prices recovered, notwithstanding the operation of the cartels and the rapid growth of the imports ; but in 1902 there was a second severe decline despite the additional duties then imposed. The abolition of the duties has been followed by a somewhat unsteady revival of prices, but the level so far attained is still markedly below that which formerly prevailed.

89. So far, therefore, as any direct effect on Indian cultivation, imports, or prices is concerned, it must be confessed that the measures of 1899 and 1902 have been without material result. They yielded a certain revenue, some 94½ lakhs in the six years, which the Government of India did not particularly require, and which would certainly not have been imposed on fiscal grounds. On the other hand, the legislation itself, the imposition of duties thereunder, and the variation of these from time to time, occasioned no little dislocation of the import trade, which gave rise to vigorous and far from unreasonable complaints by the commercial public. It would, however, be unfair to omit certain indirect results of the action taken, which may be set down to the other side of the account. The Director of Agriculture in the United Provinces is of opinion that that action was of real value in allaying panic and creating confidence among the local manufacturers, and giving them time to readjust their methods. Of more permanent importance is the fact, which seems beyond reasonable doubt, that the Indian legislation of 1899, and the knowledge that we were about to proceed to the further measures adopted in May 1902, had an appreciable effect in bringing to a successful conclusion the Brussels Conference of 1901-1902, and that but for this, the latter might have had no more result than its various predecessors. Mr. Martineau, a well-known authority, has expressed the opinion that the eventual result of the Convention will not be to make sugar dearer, and that "free competition will allow sugar to be produced in larger quantities elsewhere, and probably in some new countries, so that eventually the beet-root crop, though still remaining an important factor, will cease to be so absolutely the governing factor in the price of sugar." If this anticipation is correct, the Convention should undoubtedly make for the benefit of the Indian sugar-producer, and no one is likely to advocate endangering its permanent maintenance by the repeal of the formal enactment which still remains on the Indian Statute Book.

90. There is one more point arising out of the figures given above which is deserving of brief comment. The acreage under sugar-cane in British India may for the present be taken at 2¼ million acres. The yield of Indian cane per acre is exceedingly low, compared with that of other countries : but if the average output of raw sugar be taken at 1¼ tons per acre (which is the rate estimated by the Department of Commercial Intelligence, and

substantially corroborated for the United Provinces by the independent enquiries of Mr. Saiyid Mahomed Hadi), the annual product of British India would be about 3,000,000 tons. If we add to this some half million tons for palmyra sugar, and allow something for the output of Native States, the aggregate yield of raw-sugar in India is from $4\frac{1}{2}$ to 5 million tons per annum. For reasons already stated, no attempt can be made to express the outturn of refined sugar. Now the imports of foreign sugar, both cane and beet, in 1904-1905 were only 323,000 tons of refined, and 24,000 tons of unrefined, sugar, and this represents considerably less than one-tenth of the local product. It will also be seen that approximately four-fifths of the imports are of cane-sugar, the great bulk of it coming from Mauritius and Java. In both cases the sugar is subject to the usual 5 per cent import duty, and to the cost of carriage over-sea, and in the former case, it is produced largely by the agency of labour imported at heavy expense from India. It cannot perhaps be said that the foreign article has as yet encroached very seriously upon the indigenous product; but having regard to the fact that India is well adapted by nature for the production of sugar, it is *prima facie* somewhat worthy of remark that there should be any imports at all. The explanation is probably to be sought in the fact that of late years there has arisen a growing demand for refined (in place of unrefined) sugar of good quality and moderate price, which is greater than the local refining industry can at present supply. If this view is correct, there should be a great future before Indian sugar.

The introduction of healthier and more prolific varieties of cane, the employment of greater care in cultivation, the use of more economical processes for extracting the juice, and, above all, the adoption of the most modern and effective methods of refining, should help to make India self-supporting in respect of sugar, and even possibly to enter the world's market as an exporter.

E. N. BAKER.

March 21, 1906.

PART II.

BEING A MEMORANDUM BY THE FINANCIAL SECRETARY EXAMINING THE DETAILS OF THE ACCOUNTS AND ESTIMATES.

Section I.—The Accounts of 1904-1905.

91. The Accounts of the year show a surplus of £3,456,066, being worse ^{1904-1905.} by £29,434 than the surplus of £3,485,500 anticipated in the Revised Estimates ^{General Result of Accounts.} framed in March last.

92. The variations between the figures finally entering into the Accounts and those taken in the Budget and Revised Estimates of the year are fully explained in the Appropriation Report published in the *Gazette of India* of the 10th instant.

93. The following is a general comparison of the Revised* Estimates with ^{1904-1905.} the Accounts of the year :— ^{Statement of the gross figures.}

	Revised.	Accounts.	Accounts, better.	Accounts, worse.
Total Revenue, Imperial, Provincial and Local	£ 84,699,100	£ 84,812,971	£ 113,871	£ ...
Total Expenditure, Imperial, Provincial and Local	81,237,700	81,194,105	43,595	...
Adjustment of Provincial and Local Surplus or Deficit	—24,100	162,800	...	186,900
NET	81,213,600	81,356,905	...	143,305
SURPLUS	3,485,500	3,456,066	...	29,434

94. The revenue was higher, and the total expenditure smaller, than the estimate, the net improvement being £157,466. But as the improvement in the Provincial and Local section of the accounts was £186,900, the Imperial section was worse by £29,434. ^{1904-1905.} ^{General Remarks.}

95. The more important items which contributed to the increase of ^{1904-1905.} £113,871 in revenue are : Excise (£51,424), Forest (£40,997), State Railways (£45,437) and Land Revenue (including that due to Irrigation—£24,047), ^{Variations under Revenue.} while there was a falling-off of £22,501 under Opium, £20,121 under Interest and £23,801 under Marine. The increase in Excise revenue was largest in Bombay (£47,779) where there was a considerable rise in the receipts from auction sales of licenses for the presidency town, while in Burma there was a falling-off of £17,889, due to the fact that the effect of a change in the date of holding auction sales of licenses from March to April, was not fully allowed for in the estimate. The improvement under Forest occurred chiefly in Burma and Bombay. Under State Railways, there was an improvement of £53,013 on the Great Indian Peninsula Railway and of £28,666 on the Rajputana-Malwa line, while there was a falling-off of £45,229 on the East Indian Railway, due to some outstandings on account of freight on coal recoverable from other Railways being under dispute. The variations on the other lines were small. The Land Revenue collections in Madras exceeded the Revised Estimate by £120,577 owing to smaller season remissions and greater promptitude in collections. On the other hand, there was a falling-off of £75,209 in Bombay in consequence of unfavourable agricultural conditions. The falling-off in Opium revenue occurred almost wholly in Bombay, the exports of Malwa opium in March last having been very small. The decrease under Interest was the result of the non-payment, during the year, of the amount due by the Simla-Kalka Railway for the half-year ending December 1904. Under Marine the recoveries from the Imperial Government on account of hire of Royal Indian Marine steamers were smaller than the estimate by £37,540, while pilotage receipts in Bengal showed an increase of £9,900.

1904-1905.
Decrease in
Expenditure.

96. The saving in expenditure was the net result of decreases and increases under a number of heads. The more important decreases occurred under (a) Minor Irrigation Works (£26,152), chiefly in Burma and Bengal; (b) Civil Works (£38,905)—chiefly on Provincial and Local Works in Bengal, there being an increase of £40,201 in the expenditure on Imperial Works; and (c) Army (£139,006). Under this last head there was a decrease of £60,105 in the effective charges, due mainly to an over-estimate of the charges for the Tibet Mission and Ordnance factories and to larger credits on account of stores returned from China and Somaliland. The charges for reorganization were also less than the Revised Estimate by £93,995, chiefly in expenditure on account of clothing, equipment for field hospitals and mobilisation equipment, and for hutting, clothing and gear in connection with the formation of additional mule corps and cadres. On the other hand, the non-effective charges exceeded the estimate by £15,094, mainly under payments to the War Office in settlement of its claims for 1903-1904.

1904-1905.
Increase in
Expenditure.

97. The chief increase in expenditure was under State Railways Working Expenses (£208,937), and accrued mainly on the East Indian Railway, £61,208; North-Western Railway £40,640; Bengal and North-Western and Tirhut Railways, £41,848; Rajputana-Malwa Railway, £24,497; Oudh and Rohilkhand Railway, £24,951; and Bengal-Nagpur Railway, £14,020. There was also an increase of £20,153 under Marine, chiefly in England, owing partly to increased expenditure on stores and partly to a payment on account of the construction of the R.I.M.S. *Dufferin.*

Section II.—The Revised Estimate of 1905-1906.

1905-1906.
Statement of the
gross figures.

98. The following is a general comparison of the Budget and Revised Estimates of 1905-1906:—

	Budget.	Revised.	Revised, better.	Revised, worse.
	£	£	£	£
Total Revenue, Imperial, Provincial and Local	83,433,000	84,829,500	1,396,500	...
Total Expenditure, Imperial, Provincial and Local	83,899,500	82,993,400	906,100	...
Adjustment of Provincial and Local Surplus or Deficit . .	—1,370,300	80,400	...	1,450,700
NET	82,529,200	83,073,800	...	544,600
SURPLUS	903,800	1,755,700	851,900	...

1905-1906.
General Remarks.

99. The surplus is £851,900 better than was expected (£1,755,700 against £903,800). This is arrived at by an excess of revenue over the Budget Estimate amounting, in the aggregate, to £1,396,500, partially counterbalanced by an excess of total expenditure charged to revenue of £544,600. The actual outlay is, however, £906,100 less than was provided in the Budget; but whereas the Budget provided for an expenditure of £1,370,300 by reduction of Provincial and Local balances, these have as a matter of fact increased by £80,400, with the result that the Imperial section of the account is worse to this extent by £1,450,700. This, of course, arises from the fact that while expenditure which is met from balances outside Imperial adjusts the total outlay of the year for the benefit of the Imperial surplus, the converse takes place when such balances are increased, since the increase is not at the disposal of the Government of India, and is, so far as it is concerned, on the same footing as additional expenditure. The change in the position in respect to the Provincial and Local balances arises mainly from initial grants to the extent of £400,000 (60 lakhs), made in accordance with usual practice to the Central Provinces and Eastern Bengal and Assam in connection with the new settlements with these provinces, having been added to their balances at the close of the year; to increase in the revenues of the Local Governments, supplemented by the distribution of the special grants for agriculture, minor Irrigation works and University reform referred to in paragraph 22 of Part I; and to the fact that they, as a rule, spent less largely than had been anticipated under Police, Education and Civil Works.

100. By Act I of 1906, passed on 26th January 1906, the duty on imported spirit was raised from R6 to R7 per proof gallon, with effect from 26th February last, and the duty on perfumed spirit and liqueurs was simultaneously enhanced from R8 and R6 per imperial gallon to R11 and R10 respectively. The object of this measure was to place the scale of taxation on imported spirit in a more suitable relation to that on country spirit. Financially the chief result of this Act during the current year was a large increase of duty receipts under Customs (spirits) in February, owing to importation of stock during the month's moratorium which had been allowed to enable the trade to adjust itself to the new conditions. The receipts under this head for February exceeded those of February 1905 by about 11½ lakhs, while a counterbalancing drop of 4½ lakhs is expected in the receipts of March.

1905-1906.
Enhancement of
duty on imported
spirit.

101. Partial failure of rains has caused a considerable falling-off in the collections of Land Revenue, and Customs and Irrigation revenue have not been as good as was expected. But the deficiencies under these heads have been considerably exceeded by improvements under most of the others, the net increase in the total revenue being £1,396,500 as shown above. Notable increases have occurred in the traffic receipts of Railways, Excise and Forest revenue, seigniorage on silver coined, and interest on temporary investments of cash balances in England. There is also an enhancement of Army receipts in consequence of the inclusion therein of the recovery from the Imperial Government of the cost of Indian regiments employed in the colonies. In the Budget Estimate the expenditure on these regiments was omitted: it has now been decided to bring both expenditure and the corresponding receipts to account.

1905-1906.
Increase of
Revenue.

102. As mentioned above, there have been considerable savings in the estimates of Provincial Expenditure, owing to the inability of the Local Governments to spend fully the large allotments made to them in the Budget for reorganization of Police, Primary Education, and in aid of the resources of District Boards, the initiation of the necessary schemes having been unavoidably delayed. Nor has it been possible to spend in full the amount allotted for reorganization of the Army, especially in England where the expenditure is now expected to fall short of the Estimate by £777,100 owing to delay in the supply by the War Office of guns and other stores contracted for. On the other hand, a considerable amount of extra expenditure has been involved by the payment of 36.18 lakhs (£241,200) on account of subsidy to His Highness the Amir of Afghanistan which was not provided for in the Budget as negotiations with His Highness had not then been completed; by outlay amounting to nearly 16½ lakhs connected with the visit of Their Royal Highnesses the Prince and Princess of Wales; by the manœuvres at Rawalpindi (14 lakhs); and by an increase in the Working Expenses of State Railways consequent on improved earnings. The net result is a saving of £906,100 in the estimate of total expenditure.

1905-1906.
Saving in
Expenditure.

103. The more important variations which have brought about the increase of £1,396,500 in the total revenue are as follows:—

1905-1906.
Variations under
Revenue.

Increases—		£	R
Salt		76,700	11,50,000
Stamps		60,400	9,07,000
Excise		210,400	31,55,000
Forest		188,200	28,23,000
Interest		139,700	20,96,000
Post Office		50,400	7,56,000
Mint		199,800	29,96,000
State Railways—Gross Receipts		794,300	1,19,14,000
Army Receipts		150,300	22,55,000
		1,870,200	2,80,52,000
Decreases—			
Land Revenue, including that due to Irrigation		443,900	66,58,000
Customs		39,100	5,87,000
Irrigation—Major Works—Direct Receipts		101,400	15,20,000
		584,400	87,65,000

1905-1906.
Salt Revenue.

104. The reduction of the duty on salt made successively in March 1903 and March 1905 has stimulated consumption, and though provision was made in the Budget for a considerable increase, the actual consumption has been still larger, and the total revenue is now expected to exceed the estimate framed in March last by ₹11,50,000. All provinces show an increase except Bengal, where imports of Liverpool and German salt have fallen off and have been replaced by salt manufactured in Northern India.

1905-1906.
Stamp Revenue.

105. Stamp revenue has also grown in all provinces except the Punjab where a falling-off of ₹3,50,000 is anticipated owing partly to the reduction of transfers and mortgages caused by the Land Alienation Act, and partly to the introduction of the Punjab Loans Limitation Act. The largest increases have occurred in Madras (₹4,80,000) and Bengal (₹3,05,000).

1905-1906.
Excise Revenue.

106. The growth of Excise revenue has been higher than provided in the Budget Estimate in all provinces except the Administrations directly under the Government of India, Burma and the United Provinces. In the first-mentioned provinces there is a slight falling-off as compared with the Budget Estimate, owing mainly to scarcity in Ajmer-Merwara. In Burma the revenue is expected to fall short of the Budget Estimate by ₹2,00,000, owing to the restriction of retail sales of opium to the actual needs of consumers. In the United Provinces the result of a poor *kharif*, and of the serious injury to crops caused by the frost of last winter, has affected the Excise revenue of the province much more seriously than was anticipated in March last, and there is a decrease of ₹7,50,000 on the Budget Estimate. The largest increases have occurred in Madras (₹7,50,000), Bombay (₹10,00,000), Central Provinces and Berar (₹12,05,000), and Bengal (₹7,51,000). In the first two provinces it was anticipated that the receipts of 1904-1905 would not be worked up to owing to unfavourable agricultural conditions, a forecast which has proved erroneous: the receipts of 1905-1906 will now in both provinces somewhat exceed those of the year preceding. In Bengal and the Central Provinces the increase is due to prosperous seasons and the introduction of important reforms in administration.

1905-1906.
Forest Revenue.

107. There has been a general growth of Forest revenue in almost all provinces. Of the total excess (₹28,23,000), as compared with the Budget, ₹19,00,000 accrues in Burma, and is due to increase in the amount of timber extracted by departmental agency and to exceptionally favourable conditions for the floating of timber down the rivers. In Bombay there is an increase of ₹6,00,000, chiefly from the supply of sleepers to railways and sale of grass in connection with famine operations.

1905-1906.
Interest Receipts.

108. Under Interest, an additional sum of £157,700 has been obtained in England from the temporary investment of a larger proportion of the Secretary of State's cash balances at rates of interest higher than estimated. On the other hand, the investment of an additional two crores of the Paper Currency Reserve (*vide* paragraph 221 of last Financial Statement) having been made at a later date than was estimated, the receipts on account of interest thereon have fallen short of the estimate by £9,200. The only other notable variation is a falling-off of ₹1,08,000 (£7,200) in Bombay, the unfavourable season having adversely affected the recoveries of interest on loans granted to cultivators.

1905-1906.
Post Office Receipts.

109. Under Post Office, the loss of revenue expected from the increase in letter-weight carried for half an anna and by a reduction in the rates of insurance fee has been more than made up by the increase resulting from the growth of the business of the department.

1905-1906.
Mint Receipts.

110. The mints are credited with a seigniorage of 2 per cent on fresh issues of rupees, to cover the cost of coinage. Coinage in the current year has been unusually heavy, to meet the demands of trade as expressed through the Secretary of State's council drawings: hence the increase under Mint receipts.

1905-1906.
State Railways, Gross Traffic Receipts.

111. In 1904-1905 the traffic on all the larger railway systems was exceptionally favourable. Pilgrim, grain and coal traffic on the East Indian Railway, and the export wheat traffic on the North-Western Railway were specially heavy, while the traffic on the Great Indian Peninsula, Rajputana-Malwa and Bengal-Nagpur Railways was also good in consequence of favourable crops. In the Budget for 1905-1906 allowance was made for earnings on extra mileage to be opened and for an expansion of traffic on newly opened lines, while

it was anticipated that there would be a decrease on some of the lines which had shown unusually heavy receipts in the year before. The actual results are now, however, expected to be considerably better than the estimate. There has, indeed, been a falling-off in grain and seed traffic on the North-Western Railway; but this has been much more than counterbalanced by remarkable increases on the Bengal-Nagpur, Great Indian Peninsula and the Madras Railways (North-east section) owing to development of coal, cotton and grain traffic; and on the Rajputana-Malwa and Southern Mahratta Railways in consequence of movements of grain called forth by scarcity in parts of the country served by them. The total gross traffic receipts of State Railways are expected to exceed the estimate by Rs 1,19,14,000 (£794,300); but Working Expenses are also likely to show an excess of Rs 59,00,000 (£393,400). Increased outlay has been required to work the increased traffic, and there has also been an increase on the East Indian and Oudh and Rohilkhand Railways, in the charges for maintenance and renewals of rails and rolling-stock, and in the Company's share of the surplus profits of the Bengal-Nagpur and Burma Railways, which is included under Working Expenses. The net earnings are thus better than the estimate of March last by Rs 60,14,000 (£400,900). The more important variations from the Budget Estimate are as follows:—

	INCREASE +.	DECREASE —.	
	Gross Receipts.	Working Expenses.	Net Receipts.
	R	R	R
Great Indian Peninsula Railway	+42,50,000	+7,85,000	+34,65,000
Rajputana-Malwa Railway	+30,00,000	+7,50,000	+22,50,000
Bengal-Nagpur Railway	+37,00,000	+13,00,000	+24,00,000
Southern Mahratta Railway	+9,00,000	+3,50,000	+5,50,000
North-East line, Madras Railway	+12,00,000	+6,50,000	+5,50,000
East Indian Railway	...	+19,50,000	—19,50,000
North-Western Railway	—35,00,000	—18,00,000	—17,00,000

112. The increase under Army receipts is due to a recovery of Rs 13,87,000 ^{1905-1906.} (£92,500) from His Majesty's Government on account of five Indian regiments Army Receipts. serving in the colonies as stated in paragraph 101; to larger receipts on account of the Indian Troop Service and of clothing issued to the Native Army on payment; and to abnormal sales of unserviceable ordnance stores.

113. The decrease anticipated under Land Revenue, including the portion ^{1905-1906.} due to irrigation, occurs mainly in Madras (19·6 lakhs), Bombay (23·1 lakhs), Decreases of the United Provinces (7·5 lakhs) and the Punjab (12·5 lakhs). In Bombay, this Revenue. is the result of deficient rain. In Madras, as observed in paragraph 95, the Land Revenue. collections of 1904-1905 were greater than had been anticipated when the Budget for 1905-1906 was framed, leaving less for realization in the latter year. In the United Provinces, the partial failure of the *kharif* and of the winter rains has necessitated remissions and suspensions. In the Punjab, the *kharif* has failed in the Delhi Division, and the earthquake in Kangra has also necessitated some remissions.

114. The decrease in Customs revenue occurs mainly under silver bullion, ^{1905-1906.} private import of which has been checked by rise in price (16 lakhs); petro- Customs. leum, owing to the cessation of imports of Russian oil consequent on the troubles at Baku (11 lakhs); and metals (other than silver) and manufactures of metals, where the falling-off occurs mainly under ironware, copper and tin (7½ lakhs). On the other hand, there has been a considerable increase under cotton manufactures, due mainly to larger imports into Bombay and Bengal (16 lakhs), while there is also a gain of 2½ lakhs under the excise duty on local manufacture. There is likewise an increase of 9½ lakhs under spirits owing mainly to the effects of the tariff legislation referred to in paragraph 100.

115. The falling-off under Irrigation, Major Works—Direct Receipts ^{1905-1906.} occurs chiefly in the United Provinces and the Punjab, and is due in the former Irrigation, Major province to decrease in the area irrigated for sugarcane owing to frost and Works—Direct bad seed, and in the latter to remissions necessitated by the failure of the Receipts. cotton crop in certain tracts.

1905-1906.
Variations in
expenditure.

116. The saving of £906,100 in the total expenditure is the net result of a large number of variations, the more important of which are as follows:—

DECREASES—		£	₹
Land Revenue	.	56,800	8,53,000
Police	.	203,200	30,48,000
Education	.	243,700	36,56,000
Scientific, etc., Departments	.	88,000	13,20,000
Famine Relief	.	75,200	11,29,000
Construction of Protective Irrigation Works	.	67,400	10,11,000
Civil Works	.	178,500	26,77,000
Military Works	.	71,200	10,68,000
Army Services	.	842,000	1,26,30,000
Special Defences	.	61,200	9,18,000
INCREASES—			
Opium	.	59,000	8,85,000
Interest	.	52,900	7,93,000
Telegraph	.	33,800	5,07,000
General Administration	.	81,500	12,22,000
Political	.	272,300	40,84,000
Miscellaneous	.	56,100	8,41,000
Reduction of Debt	.	119,800	17,97,000
State Railways—Working Expenses	.	393,400	59,00,000
Irrigation, Major Works—Working Expenses	.	44,800	6,71,000

1905-1906.
Decreases.
Land Revenue.

117. Under Land Revenue the Budget provision has in most provinces proved larger than was necessary. In the Central Provinces the transfer of the Sambalpur district to Bengal from the 16th October 1905, and the formation of the Drug district from 1st January 1906 instead of from 1st October 1905, have caused some savings. In Burma operations connected with Land Records and Agriculture and town surveys have been curtailed. In Eastern Bengal and Assam charges for survey and settlement are expected to show a saving of ₹2,75,000 owing to the postponement of settlement operations in Faridpur. In the United Provinces the charges for the purchase of estates under the Bundelkhand Encumbered Estates Act are expected to be less by ₹52,000, and delay in the introduction of measures for improving the position of the patwari and kanungo staff is likely to yield a saving of ₹46,000. In the Punjab there is a saving of ₹2,17,000 in settlement charges.

1905-1906.
Police, Education,
Medical and
Scientific and
other Minor
Departments.

118. The savings under Police, Education, and Scientific and other Minor Departments are due mainly to the special grants provided in the Budget Estimate for police reform, improvement of primary education, and agricultura and veterinary development not having been spent in full, and, to a smaller extent, to the usual savings in most of the provinces on the allotments made for salaries and other charges. A portion of these special grants has in most provinces been transferred to the Public Works Department for construction of buildings. The only points which need special mention are the following: Cantonment Funds have been relieved of police charges with effect from 1st April 1905. Under 'India General' the creation of a Central Research and an X-ray institute will involve an expenditure of ₹44,000 in the year for which no provision was made in the Budget Estimate. In Burma, provision was made for strengthening the Rangoon and Toungoo battalions of military police, but the scheme has not yet been sanctioned. In the North-West Frontier Province a special provision of ₹76,000 for the pay of the Border Military Police has not been required. In Madras there is a saving of ₹5 lakhs under Medical chiefly on the provision made for plague charges by Local Boards. In Bombay, a special payment of ₹2,00,000 is proposed to be made to the new Prince of Wales' Museum for Western India.

1905-1906.
Famine Relief,
Construction of
Protective Irriga-
tion Works and
Reduction of Debt.

119. The charges for Famine Relief are expected to fall short of the estimates in Madras and Bombay by ₹13,93,000 and ₹11,36,000, respectively, while in Ajmer and the United Provinces, where expenditure under this head was not contemplated when the Budget was framed, outlay to the amount of ₹6,96,000* and ₹6,46,000, respectively, has been found necessary. Taking all the

* This includes some small expenditure in Baluchistan and (payable by the Government of India) in Rajputana.

provinces together, there is a net saving of ₹11,29,000 under this head. A saving of ₹10,11,000 is also expected on the grant for the construction of Irrigation Works, chiefly in Bengal, United Provinces and Bombay, while the expenditure on the construction of Protective Railways in Madras is likely to exceed the allotment by ₹3,43,000. The net result under the three heads mentioned is a saving of ₹17,97,000, which has been charged under Reduction of Debt, in addition to the amount provided in the Budget, to work up to the full grant of ₹1,50,00,000 (£1,000,000) for Famine Relief and Insurance.

120. Under Civil Works (Provincial) expenditure, there is a saving on the Budget allotment of about 15 lakhs in the Punjab, and about 5 lakhs in Madras. ^{1905-1906.}
^{Civil Works.} In the Punjab the grants for the Simla Extension scheme, residences for Government officials and construction of some special buildings and works of public utility have not been fully utilised, while in Madras the schemes for drainage and water-supply in certain towns for which provision had been made are not yet ripe for execution. In Bengal the Budget included a large reserve for police, jail and other buildings which has not been fully required, but this reduction is nearly counterbalanced by additional expenditure in Eastern Bengal and Assam consequent on the creation of that province. In other provinces there is an increase, the most notable being in the United Provinces, on account of the construction of normal schools and police buildings and repairs to archæological buildings, and in Burma for schools and a General Hospital at Rangoon. There is a saving on the estimate for local expenditure of all provinces owing to the large grants made to District Boards not having been yet fully utilized.

121. It has been decided to eliminate the special sub-head Reorganization under the main heads 46. — Army and 44. — Military Works, and on the receipt side under XXXIII. — Army, as it has been found that although the Reorganization outlay can be approximately estimated, it cannot be brought to separate account with absolute accuracy, since, in the case of some measures recurring expenditure which simply goes to strengthening existing units cannot be separately earmarked without an immense amount of trouble. The figures for Reorganization and other special measures will, however, be separately exhibited with approximate correctness in paragraph 206 (Part IV). ^{1905-1906.}
^{Military Expenditure.}

122. The decreases under Army, Military Works, and Special Defences ^{1905-1906.}
^{Special Military Expenditure.} are entirely due to lapses under Reorganization and other special expenditure, and are mainly caused by delay in the supply of new artillery, and stocks of ammunition and other stores contracted for through the War Office.

123. Under ordinary Army charges there is an increase of ₹6,36,000 (£4,24,000), but this is only nominal. It arises from the inclusion under this head of nearly 14 lakhs for Indian regiments stationed in the colonies, the cost of which is, as already stated, recovered from His Majesty's Government. Apart from this, there would be a decrease of nearly 7½ lakhs, and that after allowing for an expenditure of 16·7 lakhs in connection with the Rawalpindi manœuvres and other charges connected with the Royal visit for which Budget provision was not made, and for 2·4 lakhs in connection with outlay consequent on the Kangra earthquake. But for these charges, there would be a decrease of 26½ lakhs. This occurs chiefly by reason of smaller expenditure on stores in England and payments to the War Office on account of British forces serving in India (31·4 lakhs), the chief counterbalancing item being 5 lakhs owing to rise in food prices in India. ^{1905-1906.}
^{Army Ordinary.}

124. The outturn of the opium crop in the Behar Agency has been greater than was expected in March last, and has resulted in larger payments to the cultivators for the raw product. ^{1905-1906.}
^{Increases of Expenditure.}
^{Opium.}

125. Under Interest on Debt, the discount on the 3 per cent stock for £2,000,000 issued in England has involved an extra payment of £47,500. In India also, there has been an extra payment of ₹70,000 (£4,700) on account of interest on a temporary loan of 70 lakhs (in rupees) procured from the Maharaja Sindhia in December, when the Secretary of State's large council drawings rendered it necessary to strengthen our stock of coined silver. ^{1905-1906.}
^{Interest on Debt.}

126. The increase under Telegraph is caused by the payment of £17,500 ^{1905-1906.}
^{Telegraph.} to the Telegraph Companies concerned for loss of receipts consequent on the operation of the reduced tariff for foreign messages between March 1902 and March 1904, and by addition to establishment to cope with increased traffic in India.

1905-1906.
General Adminis-
tration and
Miscellaneous.

127. The special expenditure connected with the visit of Their Royal Highnesses the Prince and Princess of Wales has chiefly contributed to the increases under General Administration and Miscellaneous. The division of Bengal has also caused an increase under the first head, while the relief measures necessitated by the earthquake involved considerable expenditure under Miscellaneous in the Punjab.

1905-1906.
Political.

128. The items which are mainly responsible for the increase under Political are the payment of Rs36,18,000 on account of the subsidy of the Amir of Afghanistan referred to in paragraph 102, extra charges incurred on account of the visit of the Prince and Princess of Wales, the strengthening of frontier militia corps, increase of consular escorts in Persia, and the purchase of a steam launch for the Consul at Mohamerah.

1905-1906.
State Railways--
Working
Expenses.

129. The increases in State Railways—Working Expenses and under Reduction of Debt have been explained in paragraphs 111 and 119.

1905-1906
Major Works--
Working
Expenses.

130. The increase in Working Expenses, Major Irrigation Works occurs chiefly in the Punjab, and is due to refunds of water-rates and outlay on some important works, and special repairs for which provision was not made in the Budget Estimate. A smaller expenditure under 49.—Irrigation, Capital Expenditure has also involved the debit to the former head of a larger share of the Establishment charges.

Section III.—The Budget Estimate of 1906-1907.

1906-1907.
Statement of the
Gross figures.

131. The following is a general comparison of the Budget Estimate of 1906-1907 with that of 1905-1906:—

	1905-1906.	1906-1907.	1906-1907, better than 1905-1906.	1906-1907, worse than 1905-1906.
Total Revenue—Imperial, Provincial and Local	£ 83,433,000	£ 86,495,100	£ 3,062,100	£ .
Expenditure—				
Total outlay—Imperial, Provincial and Local	83,899,500	86,698,600	...	2,799,100
Adjustment of Provincial and Local Surplus or Deficit	—1,370,300	—1,077,600	...	292,700
Total net expenditure charged to Revenue	82,529,200	85,621,000	...	3,091,800
Imperial Surplus	903,800	874,100	...	29,700

1906-1907.
Remissions
of Taxation.

132. The above figures allow for the following remissions of local taxation mentioned in Part I of the Financial Statement:—

Repeal of the patwari cess in the United Provinces, the Punjab, the Frontier Province, Ajmer, the Central Provinces and the Sambalpur district of Bengal.

Abolition of the ryotwari village service cess in Madras, and of the village service cess in Coorg.

Abolition of the zamindari *dāk* cess in Bengal and Eastern Bengal.

1906-1907.
Relief of
District Boards
in certain
provinces from
charges for
District Post, etc.

133. The cost of these measures is Rs82,19,000 (£547,900). Rs5,15,000 (£34,300) have also been allotted for the purpose of relieving District Boards in the United Provinces, the Punjab,* Burma, the Central Provinces, Frontier Province, and Coorg of the contributions they have hitherto paid towards District Post charges. These charges being now taken over by the Government of India, the District Boards concerned will be able to allot a corresponding amount of revenue for purposes of local improvement. The District Boards in the United Provinces have likewise been relieved of some small charges, amounting in all to

* In the Punjab District Post charges were taken over as Imperial in 1905-1906; but a contribution of Rs1,41,000 formerly made by the District Boards for this purpose continued to be paid to the Local Government. This will now cease, the Local Government receiving a compensatory assignment from Imperial funds.

about R67,000, which they previously paid to the Local Government for school and establishment purposes.

134. Finally, another special assignment of 25 lakhs (£166,700), which will be placed at the disposal of the Provincial Governments, has been added to the 50 lakhs (£333,300) assigned last year for purposes of police reform*; 5 lakhs are to be assigned to the Local Governments for annual expenditure on European and technical education; and the grant of 20 lakhs for agricultural and veterinary development referred to in paragraph 126 of the last Financial Statement has been increased to 24 lakhs. Of the last mentioned sum, 21½ lakhs have been distributed to the provinces, while 2½ lakhs are reserved for expenditure classed as Imperial, such as that at the Agricultural Research Institute at Pusa and the provision of additional Civil Veterinary Officers.

135. But for these measures of fiscal relief and administrative improvement, the surplus of the year would have stood at £1,687,500 or £813,400 above the figure actually arrived at, while the revenue would have been £547,900 higher. After making the above adjustments and remissions, the year is estimated to close with a surplus of £874,100 or £29,700 less than the surplus budgeted for in 1905-1906. As compared with that year there is an increase of revenue of a little over £3 million (£3,062,100), but an increase of about £2¼ million (£2,799,100) in actual outlay. So far the net result is £263,000 better: the diminution in the surplus of the year as compared with that of its predecessor is consequent on the anticipation that £292,700 less of the actual outlay contemplated will be met out of Provincial and Local balances.

136. The greater part of the estimated increase of revenue in 1906-1907 as compared with the Budget of the preceding year is due to Railways, which show a total increase of £2,298,200 under Receipts, counterbalanced, however, by an increase of £1,633,100 under Charges, thus affording a net additional gain of £665,100.

137. Other important variations are *increases* of £331,700 under Land Revenue including portion due to Irrigation, £140,000 under Salt, £163,400 under Stamps, £374,200 under Excise, £100,200 under Customs, £186,900 under Forest, £118,800 under Post Office, £96,400 under Mint, £148,500 under Major Irrigation Works—Direct Receipts, and £136,900 under Army Receipts; counterbalanced by *decreases* of £646,600 under Opium and £516,800 under Provincial Rates. These will all be referred to below.

138. The most important heads of Receipt in the Indian Budget are the following:—

	£	R
Railways—		
{ Total gross receipts	26,154,600	39,23,19,000
{ Net current earnings of State Railways, deducting working expenses	12,897,900	19,34,69,000
{ Total net receipts deducting interest and all other charges debitable to Railways	2,229,300	3,34,40,000
Land Revenue proper	19,764,200	29,64,62,000
Excise	5,817,300	8,72,60,000
{ Opium	4,831,100	7,24,66,000
{ „ net	2,959,800	4,43,97,000
Customs	4,464,200	6,69,63,000
Salt	4,400,000	6,60,00,000
Stamps	3,970,700	5,95,60,000
{ Irrigation—		
{ Gross receipts	3,250,000	4,87,50,000
{ Net receipts	257,100	38,56,000
Provincial Rates	2,261,300	3,39,20,000
{ Forest	1,789,900	2,68,48,000
{ „ net	804,400	1,20,66,000
{ Post Office	1,727,100	2,59,06,000
{ „ „ net	126,200	18,93,000

139. *Railways*.—As explained in paragraph 111, there has been a continued expansion of traffic in the current year on most of the railways except the North-

* Besides 2 lakhs further allotted to the Government of Eastern Bengal and Assam in connection with reorganization of its military police.

Western line. Next year agricultural conditions are expected to be more favourable, and provision has been made in the Budget Estimate for a further expansion of traffic, for a recovery of the ground temporarily lost by the North-Western Railway, and for opening of additional mileage. The Budget Estimate of gross Railway receipts, the bulk of which are derived from State Railways, has accordingly been placed at £2,298,200 (345 lakhs) and £1,496,400 (224½ lakhs) higher than the Budget and Revised Estimates, respectively, of the current year; and that of net current earnings of State Railways (receipts, less working expenses) at £1,227,900 (184 lakhs) and £827,000 (124 lakhs) more in each case. A part of the increase in the gross traffic receipts is, it should be explained, due to the fact that the Bombay, Baroda and Central India Railway having become a State Railway with effect from 1st January 1906, the Budget Estimate for next year includes the gross receipts of the Railway for a whole year, while the Estimates for the current year include gross receipts for three months and only net earnings for the nine months, during which it was a Guaranteed Railway.*

140. The following are the more important differences in regard to gross receipts, working expenses, and net earnings of State Railways as compared with the Revised Estimate of the current year:—

	INCREASE + DECREASE —		
	Receipts.	Working Expenses.	Net Earnings.
	₹	₹	₹
<i>Better than Revised—</i>			
Bengal-Nagpur Railway	+ 25,00,000	+ 7,00,000	+ 18,00,000
East Indian Railway .	+ 25,00,000	+ 6,50,000	+ 18,50,000
Burma Railways .	+ 7,00,000	— 78,000	+ 7,78,000
Rajputana-Malwa Railway .	+ 5,00,000	...	+ 5,00,000
<i>Worse than Revised—</i>			
North-Western Railway	+ 45,00,000	+ 51,50,000	— 6,50,000

It will be observed that the increased receipts from the North-Western Railway will be more than counterbalanced by enhanced working expenses consequent on the necessity for renewal of permanent-way and rolling-stock.

Total results.

141. Taking the Railway Revenue Account as a whole, the Budget Estimate for next year compares as follows with the Budget and Revised Estimates of the current year:—

	IN HUNDREDS OF POUNDS STERLING.			IN THOUSANDS OF RUPEES.		
	1905-1906.		1906-1907.	1905-1906.		1906-1907.
	Budget.	Revised.	Budget.	Budget.	Revised.	Budget.
	£	£	£	₹	₹	₹
Gross Receipts, including net receipts of Guaranteed Railways, and repayments of advances of interest by Subsidised Companies	23,856.4	24,658.2	26,154.6	35,78.46	36,98.73	39,23.19
Working Expenses	11,236.9	11,630.3	12,784.0	16,85.54	17,44.54	19,17.60
Interest, Annuities, Surplus profits payable to Companies, etc. . . .	10,917.1	10,907.6	11,018.6	16,37.56	16,36.14	16,52.79
Miscellaneous Charges	138.2	94.8	122.7	20.73	14.21	18.40
NET RECEIPTS	1,564.2	2,025.5	2,229.3	2,34.63	3,03.84	3,34.40

The net profit accruing to Government from railways is thus expected to amount to £2,229,300 next year, being in excess of the Revised Estimate of the current year by £203,800 and £665,100 better than the current year's Budget.

* Only the *net* earnings of Guaranteed Railways appear in the India Accounts.

142. *Land Revenue*, including the portion due to Irrigation, is placed at ^{1906-1907.} £331,700 (nearly 50 lakhs) better than the Budget for 1905-1906 and £775,600 ^{Land Revenue.} (116 lakhs) better than in the Revised Estimate of that year, which has fallen materially short of the Budget in Madras, Bombay, the United Provinces, and the Punjab. The increase as compared with the 1905-1906 Budget occurs mainly in the United Provinces, where large remissions had to be given owing to the frosts of last year, and in Burma, and is counterbalanced by a decrease of nearly 12 lakhs in Madras, where the figure taken in 1905-1906 has proved an over-estimate.

143. *Excise* is taken at £374,200 (56 lakhs) better than in the Budget ^{1906-1907.} of 1905-1906, the Revised Estimate of which allows for an increase of £210,400. ^{Excise.} The main increases as compared with the current year's Budget are, as in the Revised Estimate, in Bombay, Madras, Bengal and the Central Provinces—*vide* paragraph 106. There is also an increase of 4½ lakhs in the Punjab due to the replacement of illicit by licit consumption. In the United Provinces there is a decrease (5 lakhs), the result of unfavourable seasons in some districts.

144. *Opium* is a notoriously difficult head of receipt to estimate for, since its ^{1906-1907.} main factor, the sale-proceeds of Bengal opium auctioned in Calcutta for export, ^{Opium.} is determined by circumstances in China of which we have little knowledge, and by the speculation of the market, and the prices obtained at the monthly auctions are subject to violent fluctuations. In 1904-1905 the average sale-price obtained was ₹1,587 per chest, and it was therefore thought safe to take ₹1,400 as the estimated price for 1905-1906. This figure has been slightly exceeded, the average for the whole year having been ₹1,434 per chest, but in the last months there was a heavy drop, and the March sales, which generally give a result better than that obtained as the average for the next 12 months, only produced a chest price of ₹1,258. This being so, it is not safe to estimate for more than ₹1,125 per chest for 1906-1907. The fall of revenue thus brought about is slightly counterbalanced by the fact that the number of chests sold per month has been raised, owing to accumulation of stocks, from 4,000 to 4,400 with effect from January last, so that in 1906-1907 there will be a sale of 52,800 chests against 49,200 in 1905-1906.

The export duty on Malwa opium is also an uncertain factor, and a considerable drop in exports during the current year warrants the expectation that the receipts under this head will yet be less by 21 lakhs than the amount taken in the last Budget. In all, therefore, there is a *decrease* of £646,600 (97 lakhs) under Opium as compared with the current year's Budget, the only material decrease of revenue anticipated save that under Provincial Rates.

The expenditure under Opium, on the other hand, shows an increase of £33,900, the amount provided in the current year's Budget having been shown by experience to be inadequate for present expenses of cultivation, and taking this into account the net falling-off under Opium receipts is thus £680,500 (102 lakhs).

145. The Revised estimate of *Customs* is placed at £39,100 less than in the ^{1906-1907.} current year's Budget, while in the Budget for 1906-1907 it is estimated that ^{Customs.} this decrease will be made up and a further increase of £100,200 obtained. Increase as compared with the Budget of 1905-1906 is expected mainly under Cotton manufactures and Spirits, in the latter case owing to the recent enhancement of the duty on imported spirit from ₹6 to ₹7 per proof gallon, with proportionate increases for perfumed spirits and liqueurs. Decreases of 11 and 14 lakhs are allowed for under petroleum and silver with reference to the results of the Revised Estimate (paragraph 114).

146. The increases budgeted for under *Salt* and *Stamps* amount to ^{1906-1907.} £140,000 and £163,400, respectively. In both instances they are justified by ^{Salt.} excess of the Revised Estimate over the Budget forecast for the current year, ^{Stamps.} and by the increasing consumption of salt consequent on the late reductions of duty. The increase under Stamps is spread over most of the provinces, the only noticeable decrease being in the Punjab which shows a falling-off, attributed, as stated in paragraph 105, to the effect of the Alienation of Land Act and the Punjab Loans Limitation Act.

147. Under *Irrigation* there is an increase of revenue of £148,500 ^{1906-1907.} in direct receipts from Major Irrigation Works, and that portion of the land ^{Irrigation} revenue which is due to Irrigation shows an expansion of £36,200, while Minor ^{Receipts.}

Irrigation receipts are estimated to be £10,000 better than in the current year's Budget. The increase in direct Major Irrigation receipts is largest in the United Provinces and the Punjab, where, as observed in paragraph 115, the Revised Estimate shows a falling-off, but where circumstances are favourable for increased irrigation in the coming year.

Irrigation Expenditure. 148. On the expenditure side, however, there is an additional outlay of £99,500. Increased capital expenditure on Major Irrigation Works adds £30,900 to the Interest charges thereon, while the working expenses show an increase of £47,000 which occurs mainly in the Punjab and Madras. The outlay on Minor Irrigation Works is raised by £21,600, the largest increase being in Bombay (nearly 3 lakhs).

1906-1907. Net results under Major Irrigation works. 149. Comparing the total current outlay under Major Irrigation Works with the revenue produced thereby, including the portion of land revenue due to Irrigation, the results are as follows:—

	Budget of 1905-1906.		Budget of 1906-1907.	
	£	R	£	R
Direct receipts	1,972,300	2,95,84,000	2,120,800	3,18,12,000
Portion of land revenue due to Irrigation	915,900	1,37,38,000	952,100	1,42,82,000
TOTAL	2,888,200	4,33,22,000	3,072,900	4,60,94,000
Charges, including interest	1,902,400	2,85,36,000	1,980,300	2,97,05,000
Net receipts	985,800	1,47,86,000	1,092,600	1,63,89,000

showing an estimated betterment of nearly £107,000 in the coming year.

1906-1907. Provincial Rates. 150. *Provincial Rates* (£2,261,300) show a decrease of £516,800 owing to the remission of cesses referred to in paragraph 132, and, in Bombay, to the transfer of the receipts hitherto credited as village service cess in Sind to the head Land Revenue.

1906-1907. Forest. 151. *Forest* revenue (£1,789,900) shows an increase of £186,900, or allowing for increased expenditure a net enhancement of £127,900. £113,300 of the net increase occurs in Burma, and is justified by the excess of the Revised Estimate over the Budget forecast for the current year.

1906-1907. Post Office. 152. *Post Office* receipts (£1,727,100) show an increase of £118,800, but the expenditure is increased by nearly half this amount (£57,400).

1906-1907. Army receipts. 153. There is an increase of £136,900 under Army receipts (£1,064,500) which is due to the causes already referred to in paragraph 112. The receipts anticipated are somewhat less (by £13,400) than in the Revised Estimate.

1906-1907. Telegraph. 154. Only two other Revenue heads need special mention. Under *Telegraph* (£938,100) there is an increase of £29,000, which is more than swallowed up by increased expenditure to the amount of £120,600, mainly on construction and maintenance, and including a payment of £14,000 for guarantee to the Telegraph Companies concerned on loss of revenue consequent on the cheapening of foreign telegrams.

1906-1907. Mint. 155. Under *Mint* (£201,900) an increase of £96,400 has been allowed for as compared with the Budget of the current year, but a decrease of £103,400 as compared with the Revised Estimate. The experience of the last few months warrants the expectation that coinage operations, on which, as stated in paragraph 110, a seigniorage of 2 per cent is credited to "Mint," will be larger than was allowed for in framing the last Budget. A concomitant but smaller increase of expenditure (£16,000) is also provided for.

1906-1907. Expenditure: Main heads of increase. Railways. 156. The greater part of the increase of £2,799,100 under total Expenditure shown in the table in paragraph 131 falls under the head Railways, which shows a total advance in charges of £1,633,100 (R2,44,96,000) as compared with the Budget of 1905-1906. This is due in the main to increased working expenses necessitated by the expansion of traffic, e.g. renewals of permanent way and rolling stock, and outlay on new extensions, and to growth of interest charges consequent on continued capital outlay. As observed in paragraph 136, this increase is more than covered by enhanced receipts, the railway transactions credited and debited to Revenue showing a net surplus which is £665,100 more than that provided in the current year's Budget.

157. Other noticeable increases in expenditure occur under —

Other Heads.

	£	₹
(1) Land Revenue	95,000	14,25,000

Due to necessary increase of revenue establishments, and to reorganization of village establishments in Madras. The Central Provinces show a decrease of nearly 2 lakhs, but this is only nominal, as the constitution of a separate Judicial Service there will necessitate the transfer of a considerable amount of expenditure from this head to Law and Justice. Taking the two heads together, there is an increase of nearly 3 lakhs in the province which would have been greater but for a reduction in the number of districts in Berar.

	£	₹
(2) Stamps	83,000	12,45,000

This is due to the cost of all stamps being now included under this head, whereas formerly Postal and Telegraph stamps were charged to those heads of account.

	£	₹
(3) Forest	59,000	8,85,000

This, as above remarked, is the concomitant of a much larger increase in receipts.

	£	₹
(4) General Administration	54,400	8,16,000

This occurs mainly in Eastern Bengal and Assam, and is due to expenditure consequent on the creation of the new province.

	£	₹
(5) Courts of Law	97,000	14,55,000

This occurs mainly in the Central Provinces as explained above, and in Burma, where also a separate Judicial service, such as already exists in other provinces, is being evolved.

	£	₹
(6) Police	206,900	31,04,000

This is due to the progress of Police reforms, facilitated by the fresh assignments to the Local Governments referred to in paragraph 134.

	£	₹
(7) Education	73,700	11,06,000

This is spread over most provinces, and represents in the main additional expenditure on schools.

	£	₹
(8) Political	283,700	42,56,000

As indicated in paragraph 102, no provision was made in the Budget for the current year for payments to the Amir of Afghanistan, as the negotiations then on foot with His Highness had not been concluded. The coming year's Budget provides for the normal annual subsidy of 18½ lakhs *plus* about 24 lakhs in part payment of arrears hitherto undrawn.

	£	₹
(9) Scientific and other Minor Departments	63,200	9,48,000

Due mainly to the development of agricultural and veterinary improvement.

	£	₹
(10) Irrigation	99,500	14,92,000

Explained in paragraph 148.

	£	₹
(11) Civil Works	153,000	22,95,000

Explained in paragraph 168.

	£	₹
(12) Famine Relief	327,400	49,11,000

Explained in paragraph 172.

1906-1907.
Decrease under
Military charges.

158. Under Military charges there is a net *decrease* of expenditure of £391,000 made up as follows :—

	£	R
Army	—435,600	—65,34,000
Military Works	+20,300	+3,04,000
Marine (Military portion)	+46,100	+6,90,000
Special Defences	—21,700	—3,25,000
TOTAL	—390,900	—58,65,000

If we further take into account the increase of £130,200 under receipts, shown in the table in paragraph 162, the decrease of net expenditure is increased to £521,100. Further information as to Military charges is given in paragraphs 162—164.

1906-1907.
Main objects of
Expenditure.

159. The main heads of Expenditure provided for in the Indian Budget are as follows :—

	£	R
Railways—Revenue Account	23,925,300	35,88,79,000
Military Services	21,841,600	32,76,25,000
Salaries and expenses of Civil Departments (General Administration, Law and Justice, Police, Education, Ecclesiastical, Medical, Political, Scientific, etc., Departments, and Marine, deducting the portion appertaining to Military Services)	13,689,300	20,53,40,000
Charges connected with collection of revenue (Land Revenue, Opium, Salt,* Stamps, Excise, Provincial Rates, Customs, Assessed Taxes, Forest, and Registration: also Refunds and Drawbacks, and Assignments and Compensations)	9,057,200	13,58,58,000
Civil Works	5,689,900	8,53,49,000
Miscellaneous Civil charges (Pensions, Absentee Allowances, Stationery and Printing, and Miscellaneous)	4,323,500	6,48,52,000
Irrigation	2,992,900	4,48,94,000
Post and Telegraph	2,755,900	4,13,38,000
Interest	1,278,800	1,91,82,000

1906-1907.
Railways.

160. Railway expenditure, the growth under which is, as has been shown, more than counterbalanced by enhanced receipts, falls under the following heads :—

	£	R	Increase over the current year's Budget.	
			£	R
Working Expenses of State Railways	12,784,000	19,17,60,000	+1,547,100	+2,32,06,000
Interest and Annuity charges	10,431,200	15,64,68,000	+727,400	+1,09,11,000
Payment to Guaranteed and Subsidised Companies	664,100	99,61,000	—625,200	—93,78,000
Miscellaneous	46,000	6,90,000	—16,200	—2,43,000
TOTAL	23,925,300	35,88,79,000	1,633,100	2,44,96,000

161. The increase under Working Expenses and under Interest is a necessary corollary to the larger earning capacity of State Railways and to the increased capital outlay on further Railway development. The decreases are mainly due to the transfer of the Bombay, Baroda and Central India Railway from "Guaranteed" to "State."

* Including cost of production.

162. The total Military expenditure budgeted for in 1905-1906 and in 1906-1907 compares as follows :--

	1905-1906, Budget.		1906-1907, Budget.	
	£	R	£	R
Army	20,282,300	30,42,35,000	19,846,700	29,77,01,000
Military Works	1,149,100	1,72,36,000	1,169,400	1,75,41,000
Marine*	547,900	82,18,000	594,000	89,10,000
Special Defences	253,200	37,98,000	231,500	34,73,000
TOTAL	22,232,500	33,34,87,000	21,841,600	32,76,25,000
<i>Deduct—Receipts</i>				
Army, Military Works and Marine	1,124,600	1,68,69,000	1,254,800	1,88,22,000
Total Net Expenditure	21,107,900	31,66,18,000	20,586,800	30,88,03,000

163. In the Budget Estimate of 1905-1906, 490 lakhs were allotted for special charges, *viz.*, Reorganization, and other special measures for the improvement of the Army, re-armament, special defences, and a new ship for the Royal Indian Marine, leaving the ordinary expenditure at nearly 28,45 lakhs. The Budget for 1906-1907 allows 415 lakhs for Reorganization and other special measures and 28,61 lakhs for ordinary expenditure, making a total of £21,841,600 (32,76 lakhs). Against this there is £1,254,800 in the shape of receipts, so that the net military outlay is £20,586,800 as against £21,107,900 in 1905-1906.

164. Ordinary Military expenditure shows an increase of about 16 lakhs, of which 14 lakhs are under Army; but this amount represents outlay on Indian regiments serving in the Colonies, the charges for which are refunded by His Majesty's Government, thus accounting largely for the increase under Military receipts. The net actual ordinary expenditure under Army is thus the same as in the current year's budget. A decrease of 16 lakhs on stores and payments in England is counterbalanced by increase of a like amount in India, mainly owing to rise in the price of food (8½ lakhs), unadjusted expenditure on account of the Rawalpindi manoeuvres (1 lakh) and dairy farm charges (5½ lakhs). This latter amount, however, will, it is hoped, be covered by corresponding receipts.

165. Ordinary expenditure under Marine shows an increase of about 2 lakhs due largely to higher payments under wages. Here again the increase is likely to be covered or partially covered by receipts for work done for outside Departments.

166. Under *Salaries and Expenses of Civil Departments* the most important heads of account are Police (£3,761,700), Courts of Law (£2,508,200), Education (£1,912,800), General Administration (£1,555,100), Medical (£1,118,100), Political (£953,800), Scientific and Minor Departments (£803,000); and the Budget shows an aggregate increase of £903,000 over the estimate of the current year. This is spread over all the constituent heads except Ecclesiastical, which shows a small decrease. The principal increases have already been explained in paragraph 157.

167. Under *Charges connected with collection of Revenue, etc.* the principal heads are Land Revenue (£3,473,000), Opium (£1,871,300), Assignments and Compensations (£1,184,700), and Forest (£985,500), and there is an aggregate increase of £300,400. The principal variations have already been noticed in paragraph 157.

168. The expenditure under *Civil Works* naturally tends to expand, especially with reference to increased building provision consequent on Police reform and the development of primary education, and to the more favourable financial situation of most of the Local Governments. This was shown with marked effect

* Excluding expenditure of Local Governments on river navigation.

in the current year, the Budget provision for which was £5,536,900 against £4,778,295 actually spent in 1904-1905. The Revised estimate is, however, reduced to £5,358,400; while in the coming year's Budget the amount provided is £5,689,900. This allows for increased expenditure in Eastern Bengal and Assam consequent on the creation of the new province.

1906-1907.
Miscellaneous
Civil Charges.

169. Under *Miscellaneous Civil Charges* the most important element is Civil superannuation allowances and pensions (£2,988,200) which shows an increase of £46,600.

1906-1907.
Irrigation, and
Post and
Telegraph.

170. The expenditure under *Irrigation, Post and Telegraph* has already been noticed in connection with the receipts under these heads.

1906-1907.
Interest.

171. Of the total amount payable as *Interest* on debt (£7,824,800), the greater part is charged off against Railways and Irrigation where, as above shown, it proves a profitable investment. The balance, which relates to the ordinary non-productive debt, is gradually diminishing with the transfer of debt of this description to the Railway and Irrigation heads against capital outlay incurred from surplus current revenues. It amounts to £801,700 in the coming year's Budget against £895,800 in that of 1905-1906.

Interest on other obligations (£477,100), which are mainly Post Office Savings Bank deposits, shows a slight increase of £8,000. Including these, the total Interest charges debited as such amount to £1,278,800; but they are largely counterbalanced by a corresponding receipt item of £853,000, which represents interest on the invested portion of the Currency balances, on temporary investment from current balances held by the Secretary of State, and on loans to local bodies, cultivators, etc. The provision under the receipt head shows, it may be observed, an increase of £47,600 over the current year's estimate, which is due partly to the continued grant of new loans to local bodies, and partly to the anticipation of larger temporary investments out of the Secretary of State's cash balances and to the provision for a full year's interest on the additional currency investment of £1,333,000 (2 crores of rupees) made in the current year.

1906-1907.
Famine Insurance
Grant.

172. Finally, it has to be observed that though the total expenditure provided for against the *Famine Insurance Grant* in 1906-1907 is the same as in the current year, *viz.*, the normal figure of £1,000,000 (150 lakhs), the distribution of expenditure is very different as will be seen from the following statement:—

	1905-1906, Budget.		1906-1907, Budget.	
	£	R	£	R
Famine Relief	211,700	31,76,000	539,100	80,86,000
Protective Irrigation Works and Rail- ways	415,100	62,26,000	447,700	67,15,000
Reduction or Avoid- ance of Debt	373,200	55,98,000	13,200	1,99,000
	1,000,000	1,50,00,000	1,000,000	1,50,00,000

In 1905-1906 famine expenditure was budgeted for to the extent of 15 lakhs in Madras and nearly 17 lakhs in Bombay, while the Revised Estimate shows a total of 20½ lakhs, to be spent mainly in Ajmer-Merwara, Bombay and the United Provinces. For the coming year the agricultural situation in parts of the Bombay Presidency and the United Provinces is sufficiently unfavourable to justify an anticipated expenditure of 42 and 20 lakhs, respectively, under Famine relief, while there is also provision for 13½ lakhs in Ajmer-Merwara and 5½ lakhs in parts of Madras and the Punjab.

There is also some increase of expenditure under Protective Irrigation Works, chiefly in Madras and the Central Provinces, counterbalanced by a decrease of 4¼ lakhs under Protective Railways, and there is thus only a small balance to be charged under Reduction of debt.

Section IV.—Statements comparing the estimates under the more important heads of Revenue and Expenditure with the actuals of past years.

LAND REVENUE.

	Accounts, 1902-1903.	Accounts, 1903-1904.	Accounts, 1904-1905.	1905-1906.		1906-1907, Budget.
				Budget.	Revised.	
REVENUE (including that due to Irrigation)—						
India General .	12,37,032	14,72,513	15,31,372	14,51,000	13,05,000	14,00,000
Central Provinces .	79,11,373	83,86,263	87,29,557	88,00,000	88,80,000	1,74,88,000
Berar . . .	70,08,389	78,30,166	83,06,277	83,28,000	86,00,000	
Burma . . .	3,33,74,368	3,52,43,662	3,70,94,697	3,93,75,000	3,90,00,000	4,13,00,000
Assam . . .	64,58,053	54,43,025	63,37,256	66,27,000	66,18,000	1,93,62,000
Eastern Bengal .	4,11,49,522	4,10,03,080	4,11,45,565	1,26,67,000	1,23,69,000	
Bengal . . .				2,92,36,000	2,93,00,000	2,93,61,000
United Provinces of Agra and Oudh	6,41,12,450	6,46,71,000	6,46,18,427	6,06,38,000	5,98,93,000	6,35,54,000
Punjab . . .	2,30,31,032	2,51,51,468	2,63,91,590	2,55,00,000	2,42,50,000	2,61,97,000
N.-W. Frontier Province . .	17,18,531	18,29,849	19,80,446	19,32,000	19,50,000	20,31,000
Madras . . .	6,13,34,153	6,06,29,257	5,82,47,651	6,33,22,000	6,13,64,000	6,21,31,000
Bombay . . .	4,14,33,666	4,94,12,623	4,33,25,859	4,78,93,000	4,55,82,000	4,79,20,000
TOTAL R	28,87,68,569	30,10,72,906	29,77,08,697	30,57,69,000	29,91,11,000	31,07,44,000
Shown under XXIX.—Irrigation . R	1,22,15,889	1,25,57,090	1,33,98,743	1,37,38,000	1,36,80,000	1,42,82,000
Shown under I.—Land Revenue R	27,65,52,680	28,85,15,816	28,43,09,954	29,20,31,000	28,54,31,000	29,64,62,000
Equivalent in Sterling	19,251,238	20,071,527	19,847,247	20,384,600	19,940,700	20,716,300
Shown under XXIX.—Irrigation . £	814,393	837,139	893,250	915,900	912,000	952,100
Shown under I.—Land Revenue £	18,436,845	19,234,388	18,953,997	19,468,700	19,028,700	19,764,200
EXPENDITURE—						
India—						
District Administration . .	2,02,44,519	2,08,17,850	2,17,31,809	2,25,25,000	2,22,52,000	2,27,26,000
Other Charges . . .	2,33,95,466	2,49,09,285	2,63,10,478	2,81,38,000	2,75,37,000	2,93,49,000
TOTAL INDIA R	4,36,39,985	4,57,27,135	4,80,42,287	5,06,63,000	4,97,89,000	5,20,75,000
Equivalent in Sterling	2,909,332	3,048,476	3,202,819	3,377,500	3,319,200	3,471,700
England—						
Other Charges £	148	408	875	500	1,900	1,300
TOTAL EXPENDITURE £	2,909,480	3,048,884	3,203,694	3,378,000	3,321,200	3,473,000

173. The estimates have been explained already in paragraphs 113, 117, 142, and 157. The revenue in the current year is expected to fall short of.

the Budget Estimate in Ajmer, Burma, Eastern Bengal, United Provinces, Punjab, Madras and Bombay, owing generally to unfavourable agricultural conditions and in some cases to over-estimating. The Budget Estimate for next year provides for an increase in all provinces, due partly to the expectation of better agricultural conditions, and partly to revision of settlements, and extension of cultivation by development of irrigation and otherwise.

OPIUM.

	Accounts, 1902-1903.	Accounts, 1903-1904.	Accounts, 1904-1905.	1905-1906.		1906-1907, Budget.
				Budget.	Revised.	
INDIA.						
Revenue—						
Bengal—Sale of Opium	5,49,39,005	7,01,75,570	7,61,93,120	6,72,00,000	7,05,54,000	5,94,00,000
Bombay—Pass Fees	99,15,500	1,30,70,750	1,12,36,875	1,20,00,000	88,60,000	99,00,000
Excise Opium and other revenue	26,22,071	27,94,355	28,92,496	29,65,000	29,43,000	31,66,000
TOTAL R	6,74,76,576	8,60,40,675	9,03,22,491	8,21,65,000	8,23,57,000	7,24,66,000
Equivalent in Sterling	4,498,438	5,736,045	6,021,499	5,477,700	5,490,500	4,831,100
Expenditure—						
Payments to Cultivators, including purchase of opium	2,22,84,345	3,07,70,477	2,69,25,333	2,48,31,000	2,58,11,000	2,53,61,000
Other Charges	23,76,208	25,61,683	25,46,301	27,07,000	26,08,000	26,83,000
TOTAL INDIA R	2,46,60,553	3,33,32,160	2,94,71,634	2,75,38,000	2,84,19,000	2,80,44,000
Equivalent in Sterling	1,644,937	2,222,144	1,964,775	1,835,900	1,894,600	1,869,600
ENGLAND.						
Other Charges £	4,446	3,600	2,310	1,500	1,800	1,700
TOTAL £	1,648,483	2,225,744	1,967,085	1,837,400	1,896,400	1,871,300
Statistics -						
Bengal—						
Chests sold	48,000	48,000	48,000	48,000	49,200	52,800
Average Price	₹1,144	₹1,462	₹1,587	₹1,400	₹1,434	₹1,125
Chests produced	44,724	64,738	50,000	...	55,501	...
Chests in Balance, March 31	51,025	67,758	69,758	...	76,059	...
Reserve, December 31	18,300	15,024	31,762	33,762	33,762	40,063
Bombay—						
Chests passed for export	19,831	26,141½	18,821½	20,000	14,750	16,500
Rate of duty	₹500	₹500	₹500 & 600	₹600	₹600	₹600

7+. The Estimates have been explained in paragraph 144. The quantity of Bengal opium sold monthly has been raised from 4,000 to 4,400 chests with effect from January last. The total sales for next year have been taken, accordingly, at 52,800 chests against 49,200 chests sold in the current year, but owing to the large drop in the price obtained at the sale this month, it has not been considered safe to estimate for a higher price than ₹1,125 per chest, though the average price obtained in the current year has been ₹1,434 per chest. The exports of Malwa opium are expected to amount to 14,750 chests in the current year against 20,000 chests assumed in the Budget Estimate. Those for next year have been taken at 16,500 chests.

SALT.

	Accounts, 1902-1903.	Accounts, 1903-1904.	Accounts, 1904-1905.	1905-1906.		1906-1907, Budget.
				Budget.	Revised.	
REVENUE.						
Northern India (a)	1,97,31,548	1,72,13,079	1,69,35,310	1,36,25,000	1,41,20,000	1,45,00,000
Burma (b)	18,30,199	15,48,365	16,38,131	16,75,000	17,40,000	18,00,000
Eastern Bengal (b)	2,67,94,565	2,18,01,075	2,23,61,605	15,66,000	18,40,000	19,50,000
Bengal (b)	2,03,16,107	1,95,35,805	1,95,38,005	1,58,34,000	1,52,00,000	1,55,00,000
Madras (a)	2,40,93,650	1,86,58,649	1,98,48,469	1,55,00,000	1,59,00,000	1,55,00,000
Bombay (a)				1,57,00,000	1,62,50,000	1,67,50,000
TOTAL	9,27,66,069	7,87,56,973	8,03,21,520	6,39,00,000	6,50,50,000	6,60,00,000
Equivalent in Sterling	6,184,405	5,250,465	5,354,768	4,260,000	4,336,700	4,400,000
CHARGES.						
India	51,86,238	49,35,853	51,62,759	55,98,000	55,45,000	55,84,000
Equivalent in Sterling	345,749	329,057	344,184	373,200	369,700	372,300
England	142	2,134	918	100	300	200
TOTAL	345,891	331,191	345,102	373,300	370,000	372,500
Total consumption	3,68,77,000	3,75,92,000	3,93,78,000	...	4,09,78,000	...

(a) Chiefly excise on local manufacture.

(b) Chiefly duty on imported salt.

175. As explained in paragraphs 104 and 146, the successive reductions of duty made in March 1903 and March 1905 have led to a satisfactory growth of consumption. The Budget Estimate for next year assumes a further development of consumption to the extent of 12 lakhs of maunds. The largest increase has occurred in salt manufactured in Northern India and Bombay, while there is a slight drop in the importation of Liverpool and German salt into Bengal.

STAMPS.

	Accounts, 1902-1903.	Accounts, 1903-1904.	Accounts, 1904-1905.	1905-1906.		1906-1907, Budget.
				Budget.	Revised.	
REVENUE.						
Court Fees and Plain Paper	3,58,89,411	3,67,25,008	3,82,35,186	3,90,69,000	3,89,95,000	3,96,61,000
Commercial and other Stamps	1,51,99,912	1,59,38,860	1,70,81,280	1,74,73,000	1,82,69,000	1,91,28,000
Other Revenue	10,16,344	10,39,831	7,58,970	5,67,000	7,52,000	7,71,000
TOTAL	5,21,05,667	5,37,03,699	5,60,75,436	5,71,09,000	5,80,16,000	5,95,60,000
Equivalent in Sterling	3,473,711	3,580,247	3,738,362	3,807,300	3,867,700	3,970,700
CHARGES.						
India	11,61,149	12,02,373	12,34,918	12,69,000	12,67,000	12,55,000
Equivalent in Sterling	77,410	80,158	82,328	84,600	84,500	83,700
England (Stores)	31,898	42,221	38,763	40,100	40,100	124,000
TOTAL	109,308	122,379	121,091	124,700	124,600	207,700

176. The revenue has continued to develop in every province except the Punjab, where there has been a falling off owing to the introduction of the Land Alienation Act and the Punjab Loans Limitation Act having led to a reduction of transfers and mortgages and suits for recovery of loans. The Budget Estimate provides for a further improvement upon the current year's Revised in all other provinces.

The increase in the charges in England is explained in paragraph 157.

EXCISE.

	Accounts, 1902-1903.	Accounts, 1903-1904.	Accounts, 1904-1905.	1905-1906.		1906-1907, Budget.
				Budget.	Revised.	
REVENUE.						
Burma . . .	57,64,960	74,64,332	72,81,670	86,00,000	84,00,000	88,20,000
Assam . . .	29,20,074	30,24,404	30,54,075	31,40,000	32,19,000	} 63,25,000
Eastern Bengal . . .	} 1,57,87,914	1,62,95,944	1,67,90,284	28,51,000	29,65,000	
Bengal . . .				1,44,99,000	1,52,50,000	157,00,000
United Provinces of Agra and Oudh . . .	83,23,741	94,58,526	1,02,25,122	1,05,00,000	97,50,000	1,00,00,000
Madras . . .	1,56,16,618	1,77,02,209	1,87,53,820	1,83,00,000	1,90,50,000	1,93,00,000
Bombay . . .	1,08,49,937	1,19,99,390	1,39,63,271	1,31,00,000	1,41,00,000	1,44,50,000
Other Provinces . . .	71,36,385	87,56,641	1,02,33,126	1,06,57,000	1,20,68,000	1,26,65,000
TOTAL R	6,63,99,629	7,47,01,446	8,03,01,368	8,16,47,000	8,48,02,000	8,72,60,000
Equivalent in Sterling .	4,426,612	4,980,096	5,353,424	5,443,100	5,653,500	5,817,300
CHARGES.						
India . . . R	28,37,618	32,08,429	36,22,103	40,27,000	38,76,000	43,71,000
Equivalent in Sterling .	189,175	213,895	241,473	268,500	258,400	291,400
England . . . £	9	33	841	100	100	100
TOTAL £	189,184	213,928	242,314	268,600	258,500	291,500

177. The figures have been explained in paragraphs 106 and 143. The revenue continues to grow everywhere except in the United Provinces, where it has been seriously affected by unfavourable agricultural conditions.

178. The Budget Estimate for next year provides for an increase in the charges consequent on the reorganization of establishments in the Central Provinces and Burma.

PROVINCIAL RATES.

	Accounts, 1902-1903.	Accounts, 1903-1904.	Accounts, 1904-1905.	1905-1906.		1906-1907, Budget.
				Budget.	Revised.	
REVENUE.						
District Local Funds .	2,44,71,407	2,55,68,247	2,53,10,413	2,65,63,000	2,59,68,000	2,42,74,000
Appropriation from above for rural police	69,19,660	70,66,975	72,29,658	51,50,000	57,09,000	22,24,000
Provincial Cesses .	81,47,838	79,81,295	80,66,376	81,20,000	81,40,000	51,90,000
Village Service and Patwaris . . .	16,71,949	17,63,711	17,60,772	18,38,000	18,02,000	8,05,000
Other Cesses . . .						14,27,000
TOTAL R	4,12,10,854	4,23,80,228	4,23,67,219	4,16,71,000	4,16,19,000	3,39,20,000
Equivalent in Sterling .	2,747,390	2,825,349	2,824,481	2,778,100	2,774,600	2,261,300
CHARGES . . . R	6,28,226	5,38,173	5,49,613	5,86,000	5,74,000	6,02,000
Equivalent in Sterling .	41,882	39,212	36,641	39,100	38,300	40,100

179. The remission of the cesses referred to in paragraph 132 decreases the receipts of next year by ₹78,65,000 under "Village Service and Patwaris" and ₹3,54,000 under Other Cesses (Zemindari Dāk cess). The former figure, however, allows for about 2 lakhs of payments by tenants in the Central Provinces which were not formerly passed through the Government accounts, and for an enhancement of the ryotwari village service cess in Madras which would have been made under ordinary circumstances. On the other hand the receipts are diminished, without reduction of taxation, by the transfer from this head to Land Revenue of the proceeds of the so-called Village Service cess in Sind referred to in paragraph 150. The eight lakhs still shown as derivable next year from "Village Service and Patwaris" represents the proceeds of the Proprietary Village Service cess in Madras referred to in paragraph 42 of Part I, and of a Jaglia (village police) cess in Berar which is shown under this head and produces about 3 lakhs.

180. The entry in the second head of the table represents a payment for cost of rural police which was formerly made direct from the Local Rates fund in the United Provinces. That fund having now been abolished, the adjustment has to be made by appropriation from District Local Funds to Provincial.

181. The increase under Provincial Cesses in the Revised Estimate is due to the Punjab Government not having been able to take the steps necessary for the remission of the "Famine" portion of its general cess during the current year. This will be carried out with effect from 1st April 1906.

CUSTOMS.

SEA CUSTOMS.	Accounts, 1902-1903.	Accounts, 1903-1904.	Accounts, 1904-1905.	1905-1906.		1906-1907, Budget.
				Budget.	Revised.	
IMPORTS.						
<i>Special Import Duties.</i>						
Arms, Ammunition, and Military Stores	3,57,148	3,49,248	4,16,977	4,00,000	4,05,000	4,00,000
Liquors—						
Ale, Beer, Porter, Cider and other fer-						
mented Liquors	2,39,294	2,54,022	2,88,410	2,90,000	3,05,000	3,10,000
Spirits and Liqueurs	69,63,189	75,16,341	76,58,678	77,50,000	87,00,000	90,00,000
Wines	3,91,230	3,80,174	3,73,964	3,80,000	4,00,000	4,00,000
Opium	3,840	2,900	3,567	3,000	3,000	3,000
Petroleum	53,76,744	43,99,535	45,88,490	47,50,000	36,50,000	36,50,000
Sugar (countervailing duties, 1899)	17,04,465	2,31,917	8,614	15,000	...	...
Do. (do., 1902)	3,32,703	20,573	12,850	...	...	...
<i>General Import Duties.</i>						
Articles of Food and Drink (excluding						
Sugar)	14,57,463	15,45,568	18,16,188	17,50,000	19,20,000	20,50,000
Sugar (ordinary duties)	25,12,809	29,27,313	33,49,459	34,50,000	36,80,000	39,50,000
Chemicals, Drugs, Medicines and Narcotics						
and Dyeing and Tanning Materials	12,07,977	13,83,834	13,90,125	14,00,000	14,50,000	15,00,000
Cotton Manufactures	96,15,217	98,83,003	1,21,69,907	1,10,77,900	1,33,00,000	1,35,00,000
Metals and Manufactures of :—						
Silver, Bullion and Coin	39,40,632	40,27,301	41,11,942	44,00,000	28,00,000	30,00,000
Other Metals and Manufactures of						
Metals	30,62,040	34,18,323	34,63,266	38,50,000	31,00,000	33,00,000
Oils (excluding Petroleum)	1,41,712	92,941	96,220	1,00,000	1,45,000	1,25,000
Manufactured Articles	61,37,209	70,81,173	81,59,549	86,50,000	82,25,000	85,00,000
Raw Materials and Unmanufactured						
Articles	8,27,951	9,17,898	10,28,998	10,25,000	12,15,000	13,25,000
TOTAL IMPORTS	4,42,70,813	4,44,32,844	4,88,37,270	4,98,90,000	4,92,78,000	5,10,13,000
EXCISE DUTY ON COTTON GOODS	18,66,213	20,77,449	23,81,825	25,00,000	27,35,000	30,00,000
EXPORT DUTIES—						
Rice	1,26,55,716	1,20,31,375	1,31,85,757	1,20,00,000	1,19,00,000	1,20,00,000
LAND CUSTOMS AND MISCELLANEOUS	8,71,796	9,52,802	10,21,710	10,70,000	9,40,000	9,50,000
GRAND TOTAL R	5,96,64,538	5,94,94,470	6,54,26,562	6,54,60,000	6,48,73,000	6,69,63,000
Equivalent in Sterling	3,977,036	3,966,298	4,361,771	4,364,000	4,324,900	4,464,200
Charges R	24,17,843	25,20,550	26,83,465	28,31,000	27,37,000	28,70,000
Equivalent in Sterling	161,190	168,037	178,898	188,700	182,400	191,300
England £	145	128	348	200	300	200
TOTAL £	161,335	168,165	179,246	188,900	182,700	191,500

182. The principal features of the current year are (1) the great and continued growth of the imports of cotton manufactures and of the corresponding receipts from the excise duty on cotton goods manufactured in this country; (2) a decline in the imports on private account of silver consequent on a rise in the price; (3) a heavy falling-off in the imports of Russian kerosine oil owing to the disturbances at Baku, its place being taken by the Burma oil which pays no duty; (4) a falling-off in the imports of metals and manufactures of metals other than silver, chiefly enamelled and other ironware and tin, the falling-off being however partially counterbalanced by increased imports of steelware, machinery and mill works. As explained in paragraph 100 the enhancement of the duty on spirits and the month's *moratorium* allowed, has led to a considerable clearance of stock in the interval. The imports of spirit are likely to be smaller next year, owing partly to the heavy stocks lately laid by and partly to the check which consumption is likely to receive from the enhancement of the duty; but the higher duty will more than counterbalance this. The Budget for 1906-1907 provides for a moderate improvement under all other tariff heads as compared with the Revised Estimate.

ASSESSED TAXES.

	Accounts, 1902-1903.	Accounts, 1903-1904.	Accounts, 1904-1905.	1905-1906.		1906-1907, Budget.
				Budget.	Revised.	
Deduction by Government from Salaries, Pensions, and Interest payments	46,46,579	42,56,216	43,93,912	43,75,000	44,95,000	45,60,000
Other Collections ^c	1,65,09,844	1,39,63,760	1,46,53,120	1,48,38,000	1,51,38,000	1,55,88,000
TOTAL R	2,11,56,423	1,82,19,976	1,90,47,032	1,92,13,000	1,96,33,000	2,01,48,000
Equivalent in Sterling	1,410,428	1,214,665	1,269,802	1,280,900	1,308,800	1,343,200
Charges R	3,62,255	3,48,126	3,21,253	3,38,000	3,39,000	3,49,000
Equivalent in Sterling	24,150	23,208	21,417	22,500	22,600	23,200

183. As noticed last year, the receipts under this head are steadily growing and gradually making up for the loss of revenue entailed by the exemption of incomes between Rs500 and Rs1,000 in 1903-1904.

FOREST.

	Accounts, 1902-1903.	Accounts, 1903-1904.	Accounts, 1904-1905.	1905-1906.		1906-1907, Budget.
				Budget.	Revised.	
REVENUE.						
India . . . R	1,94,71,540	2,22,16,747	2,40,29,950	2,40,45,000	2,68,48,000	2,68,11,000
Equivalent in Sterling .	1,298,103	1,481,116	1,601,997	1,603,000	1,789,900	1,787,400
England . . . £	...	...	...	...	1,300	2,500
TOTAL £	1,298,103	1,481,116	1,601,997	1,603,000	1,791,200	1,789,900
EXPENDITURE.						
India . . . R	1,12,49,331	1,21,66,993	1,29,67,856	1,38,72,000	1,41,75,000	1,46,72,000
Equivalent in Sterling .	749,955	811,133	864,524	924,800	945,000	978,100
England . . . £	1,828	2,485	4,614	1,700	4,000	7,400
TOTAL £	751,783	813,618	869,138	926,500	949,400	985,500
NET REVENUE £	546,320	667,498	732,859	676,500	841,800	804,400

184. The revenue is increasing in every province, the largest increase in the current year being in Burma and Bombay. The Budget for next year provides for a moderate improvement as compared with the Revised Estimate in all provinces except the two just mentioned, where the current year's receipts were due in some measure to special circumstances (*vide* paragraph 107).

185. Increase in charges is naturally concomitant with development of revenue. The net receipts for 1906-1907 are estimated at about £128,000 more than in the current year's Budget, but at £37,000 less than in the Revised Estimate.

INTEREST RECEIPTS.

	Accounts, 1902-1903.	Accounts, 1903-1904.	Accounts, 1904-1905.	1905-1906.		1906-1907, Budget.
				Budget.	Revised.	
India . . . R	1,06,55,278	1,13,14,112	1,03,36,614	1,07,61,000	1,06,29,000	1,11,57,000
Equivalent in Sterling .	710,352	754,274	689,108	717,400	708,600	743,800
England . . . £	157,315	141,788	160,471	88,000	236,500	109,200
TOTAL . . . £	867,667	896,062	849,579	805,400	945,100	853,000

186. The figures have been explained in paragraphs 108 and 171.

INTEREST EXPENDITURE.

	Accounts, 1902-1903.	Accounts, 1903-1904.	Accounts, 1904-1905.	1905-1906.		1906-1907, Budget.
				Budget.	Revised.	
Interest on Debt—	R	R	R	R	R	R
India . . .	4,09,18,933	4,17,76,092	4,28,54,060	4,39,00,000	4,37,06,000	4,57,00,000
Deduct charged to—						
Irrigation . . .	1,45,36,567	1,49,13,519	1,52,28,363	1,57,25,000	1,56,04,000	1,61,88,000
Railways . . .	4,99,00,997	5,24,72,714	5,52,79,467	5,86,57,000	5,85,22,000	6,20,69,000
Balance charged to Interest . . .	—2,35,18,631	—2,56,10,141	—2,76,53,770	—3,04,82,000	—3,04,20,000	—3,25,57,000
Equivalent in Sterling	£	£	£	£	£	£
England . . .	—1,567,909	—1,707,343	—1,843,585	—2,032,100	—2,028,000	—2,170,400
	3,003,159	2,983,545	3,045,165	2,927,900	2,983,300	2,972,100
TOTAL . . .	1,435,250	1,276,202	1,201,580	895,800	955,300	801,700
Interest on other Obligations—						
On Savings Bank Balances converted at R15 = £1 . . .	262,001	280,968	305,787	326,500	318,800	330,800
Other items . . .	137,434	140,457	139,578	142,600	143,700	146,300
GRAND TOTAL £ . . .	1,832,685	1,697,627	1,646,945	1,364,900	1,417,800	1,278,800
Debt outstanding, March 31—	£	£	£	£	£	£
Sterling . . .	133,796,261	133,045,844	132,887,191	137,221,044	146,617,491*	147,867,591
Rupee Debt—	R	R	R	R	R	R
4 per cent . . .	4,59,61,550	4,47,61,525	4,35,61,525	4,15,06,325	4,15,11,525	4,03,11,525
3½ per cent . . .	1,00,05,18,700	1,02,65,22,700	1,05,65,35,200	1,09,65,22,700	1,09,65,35,200	1,14,15,35,200
3 per cent . . .	11,07,08,300	11,07,10,300	11,07,11,100	11,07,10,300	11,07,11,100	11,07,11,100
Other Debt . . .	1,23,52,110	1,22,48,510	1,21,70,410	1,20,53,710	1,21,05,410	1,20,15,410
Savings Bank Balances	13,27,01,060	14,36,75,142	15,61,55,910	16,82,90,142	16,33,24,910	17,15,63,910

* The increase in the Revised is due to the transactions in connection with the purchase of the Bombay, Baroda and Central India Railway referred to in paragraph 234.

187. The Budget Estimate of the current year did not provide for the discount on the India 3 per cent stock of £2,000,000 raised in the current year. The transfer of a considerable amount of debt year by year from the nonproductive account to the Railway and Irrigation revenue accounts, as an equivalent for productive capital expenditure incurred from surplus revenue, is materially reducing the charge under this head.

188. The Postal Savings Bank deposits are increasing substantially year by year, but the net increase in the current year has not been as much as was anticipated, owing to larger withdrawals. These are probably due in the main to a change in the lowering of the rate of interest effected in July 1905. Formerly the uniform rate allowed was $3\frac{1}{8}$ per cent: now it is 3 per cent for deposits withdrawable at call and $3\frac{1}{4}$ per cent for those withdrawable at six months' notice.

POST OFFICE.

	Accounts, 1902-1903.	Accounts, 1903-1904.	Accounts, 1904-1905.	1905-1906.		1906-1907, Budget.
				Budget.	Revised.	
REVENUE.						
India . . . R	2,14,49,028	2,26,07,287	2,36,39,706	2,41,24,000	2,48,80,000	2,59,06,000
Equivalent in Sterling .	1,429,935	1,507,153	1,575,980	1,608,300	1,658,700	1,727,100
EXPENDITURE.						
India . . . R	1,87,02,940	1,94,77,958	2,05,01,683	2,13,49,000	2,15,67,000	2,30,77,000
Equivalent in Sterling .	1,246,863	1,298,530	1,366,779	1,423,300	1,437,800	1,538,500
England . . . £	99,915	104,694	153,034	120,200	120,400	62,400
TOTAL . . . £	1,346,778	1,403,224	1,519,813	1,543,500	1,558,200	1,600,900
TOTAL NET REVENUE £	83,157	103,929	56,167	64,800	100,500	126,200

189. The above table shows a steady development of the operations of the Department. The loss of revenue entailed by the increase in the letter weight carried for half an anna referred to in paragraph 126 of the last Financial Statement, and by a reduction in the rates of insurance fees, has been more than made good by the normal expansion of transactions.

TELEGRAPH.

		Accounts, 1902-1903.	Accounts, 1903-1904.	Accounts, 1904-1905.	1905-1906.		1906-1907 Budget.
					Budget.	Revised.	
REVENUE.							
Revenue Accounts— India . . . R		1,30,62,086	1,27,66,375	1,34,06,813	1,35,74,000	1,35,00,000	1,40,00,000
Equivalent in Sterling		870,806	851,092	893,788	904,900	906,600	933,300
England . . £		6,173	6,543	4,135	4,200	7,100	4,800
TOTAL . . £		876,979	857,635	897,923	909,100	913,700	938,100
EXPENDITURE.							
Revenue Accounts— India . . . R		86,33,598	88,11,582	90,93,488	93,22,000	94,73,000	99,52,000
Equivalent in Sterling		575,573	587,439	606,233	621,400	631,500	663,500
England . . £		71,990	58,920	27,284	49,000	43,400	63,600
		647,563	646,359	633,517	670,400	674,900	727,100
Capital Expenditure— India . . . R		10,68,178	12,87,134	15,48,646	15,07,000	16,32,000	20,47,000
Equivalent in Sterling		71,212	85,809	103,243	100,500	108,800	136,400
England . . £		190,967	184,656	165,508	263,500	284,500	291,500
		262,179	270,465	268,751	364,000	393,300	427,900
TOTAL . . £		909,742	916,824	902,268	1,034,400	1,068,200	1,155,000
TOTAL NET REVENUE £		—32,763	—59,189	—4,345	—125,300	—154,500	—216,900

190. The Revised Estimate of receipts shows an increase of R4,50,000 in the revenue of the Indian Telegraph Department and a decrease of R4,24,000 in that of the Indo-European Telegraph Department. The former arises partly from normal expansion of traffic, and partly from special work connected with the Royal visit and heavy speculation in the grain market. The latter is principally due to a reduction of the tariff rate between Europe and India from 1st August 1905. The Budget Estimate for 1906-1907 provides for a normal increase in traffic.

191. Compared with the Budget Estimate of expenditure for the current year, the Revised Estimate shows an increase in the Indian section, due to additional outlay on repairs to lines, and to extra signalling and clerical establishment required to cope with the increased traffic. Outlay on stores on capital account has also been larger, and the payment of the joint purse guarantee in respect of loss of receipts by the reduction in the tariff for foreign messages for the period 1st March 1902 to 31st March 1904, for which no provision was made in the Budget, has involved an additional expenditure of £17,500. These increases have, however, been partially counterbalanced by a decrease in the expenditure of the Indo-European section in cable maintenance and capital outlay, and in the net out-payments in respect of revenue.

The Budget Estimate for 1906-1907 provides for an increase in the expenditure of the Indian section both on revenue and capital accounts. Provision has also been made for a payment of £14,000 in respect of the guarantee for 1905-1906 and of £24,600 on account of net out-payments in respect of revenue

FINANCIAL STATEMENT OF THE MINT.

	Accounts, 1902-1903.	Accounts, 1903-1904.	Accounts, 1904-1905.	1905-1906.		1906-1907. Budget.
				Budget.	Revised.	
REVENUE.						
India . . . R	61,68,083	4,32,70,754	30,95,454	15,83,000	45,79,000	30,29,000
Equivalent in Ster- ling . . .	411,206	2,884,717	206,364	105,500	305,300	201,900
England . . £	32	49	46	...	...	...
TOTAL £	411,238	2,884,766	206,410	105,500	305,300	201,900
EXPENDITURE.						
India , . . R	62,34,258	4,16,62,331	15,52,767	12,94,000	16,18,000	14 65,000
Equivalent in Ster- ling . . .	415,617	2,777,489	103,518	86,300	107,900	97,700
England . . £	8,397	8,096	14,359	37,000	12,800	41,600
TOTAL £	424,014	2,785,585	117,877	123,300	120,700	139,300
TOTAL NET REVENUE £	-12,776	99,181	88,533	-17,800	184,600	62,600

192. The Estimates have been explained in paragraphs 110 and 155. The exceptionally heavy rupee coinage of the current year has given a considerable increase of net revenue, a full recurrence of which in the current year it is not safe to anticipate.

EXPENDITURE ON CIVIL DEPARTMENTS.

	Accounts, 1902-1903.	Accounts, 1903-1904.	Accounts, 1904-1905.	1905-1906.		1906-1907, Budget.
				Budget.	Revised.	
	₹	₹	₹	₹	₹	₹
INDIA.						
General Administration	1,89,62,104	1,82,06,139	1,80,47,997	1,83,17,000	1,93,72,000	1,91,86,000
Law and Courts	3,32,26,413	3,41,38,317	3,50,66,547	3,61,60,000	3,50,10,000	3,76,16,000
Justice. { Jails	1,08,81,591	1,06,95,458	1,05,97,958	1,13,40,000	1,16,51,000	1,17,58,000
Police . . .	4,52,71,032	4,62,95,126	4,73,72,897	5,33,10,000	5,02,58,000	5,64,03,000
Marine . . .	40,20,772	66,82,412	75,47,002	63,00,000	63,19,000	67,18,000
Education . . .	1,94,36,735	2,04,57,210	2,21,18,676	2,75,27,000	2,38,47,000	2,86,01,000
Ecclesiastical . . .	16,55,652	16,92,069	18,09,727	18,82,000	18,10,000	18,74,000
Medical . . .	1,42,81,869	1,41,36,131	1,48,59,661	1,60,68,000	1,54,59,000	1,66,33,000
Political . . .	1,21,83,251	1,04,62,173	1,17,93,681	1,00,19,000	1,40,51,000	1,42,72,000
Scientific and Minor Departments . .	71,24,439	77,32,054	75,34,631	1,04,98,000	91,11,000	1,08,46,000
TOTAL INDIA .	16,70,43,858	17,04,97,089	17,67,48,777	19,14,21,000	18,79,00,000	20,38,97,000
Equivalent in Sterling .	£ 11,136,257	£ 11,366,473	£ 11,783,252	£ 12,761,400	£ 12,526,700	£ 13,593,100
ENGLAND.						
General Administration	251,474	279,602	272,236	279,600	290,700	276,000
Marine . . .	247,914	281,182	292,519	281,600	256,500	314,000
Other heads . . .	53,598	51,975	51,756	57,700	68,800	100,200
TOTAL ENGLAND .	552,986	612,759	616,511	618,900	616,000	690,200
TOTAL INDIA AND ENG- LAND . . .	11,689,243	11,979,232	12,399,763	13,380,300	13,142,700	14,283,300

193. The figures have been dealt with in paragraphs 118, 127, 128, and 157. The saving on the Budget Estimate of the current year is due to the inability of the Local Governments to spend the large allotments made in March last for police reform, primary education and grants to District Boards, in consequence of unavoidable delay in initiating the necessary schemes. The Budget for next year provides for the expenditure of the allotments made last March as well as for the further allotments now made, namely, 25 lakhs for additional police reforms, 5 lakhs for European and technical education and 4 lakhs for agricultural and veterinary development, and also for the normal growth of other charges.

194. The larger part of the expenditure shown under Marine is connected with Military Administration and is therefore also shown under Army Services in the table in paragraph 206.

MISCELLANEOUS CIVIL CHARGES.

	Accounts, 1902-1903.	Accounts, 1903-1904.	Accounts, 1904-1905.	1905-1906.		1906-1907, Budget.
				Budget.	Revised.	
INDIA.						
Territorial and Political Pensions .	R 38,70,229	R 36,99,387	R 35,65,635	R 37,63,000	R 35,19,000	R 36,28,000
Civil Furlough and Absentee Allowances .	5,480	4,271	778	8,000	4,000	6,000
Superannuation Allowances and Pensions .	1,21,31,479	1,26,66,561	1,33,63,407	1,37,42,000	1,38,35,000	1,45,01,000
Stationery and Printing Exchange .	70,25,848	68,90,961	70,82,119	74,44,000	71,94,000	76,23,000
Miscellaneous .	85,09,175	64,80,127	36,96,049	35,32,000	43,25,000	34,42,000
TOTAL INDIA	3,15,42,211	2,97,47,307	2,77,07,988	2,84,89,000	2,88,77,000	2,92,00,000
Equivalent in Sterling .	£ 2,102,814	£ 1,983,154	£ 1,847,199	£ 1,899,300	£ 1,925,100	£ 1,946,700
ENGLAND.						
Civil Furlough and Absentee Allowances	244,026	238,303	218,692	250,000	230,500	243,000
Superannuation Allowances and Pensions .	2,006,754	2,011,722	2,019,439	2,025,500	2,019,400	2,021,500
Other Heads .	140,396	116,466	179,460	100,800	124,600	112,300
TOTAL ENGLAND	2,391,176	2,366,491	2,417,591	2,376,300	2,374,500	2,376,800
TOTAL INDIA AND ENGLAND	4,493,990	4,349,645	4,264,790	4,275,600	4,299,600	4,323,500

195. The expenditure under Superannuation Allowances and Pensions and Stationery and Printing shows a gradual and inevitable increase.

FAMINE RELIEF AND INSURANCE.

	Accounts, 1902-1903.	Accounts, 1903-1904.	Accounts, 1904-1905.	1905-1906.		1906-1907, Budget.
				Budget.	Revised.	
Famine Relief .	48,22,634	3,05,264	31,165	31,76,000	20,47,000	80,86,000
Construction of Protective Railways .	24,375	14,49,083	17,37,184	5,26,000	8,69,000	1,01,000
Construction of Protective Irrigation Works	14,21,131	21,66,690	32,25,200	57,00,000	46,89,000	66,14,000
Reduction or Avoidance of Debt .	84,70,500	96,64,163	1,00,06,451	55,98,000	73,95,000	1,99,000
TOTAL R	1,47,38,640	1,35,85,200	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000
Net charge on account of the Bengal Nagpur and the Indian Midland Railways shown in the Railway Revenue Account . R	2,61,360	14,14,800	...	...	...	...
TOTAL EXPENDITURE CHARGEABLE TO THE FAMINE GRANT R	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000
Equivalent in Sterling £	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

196. The variations under the component factors of this main head have already been referred to in paragraphs 119 and 172. The first charge on the total grant of £1,000,000 is direct famine relief; then follows expenditure, to an amount not exceeding one-half the total grant, on Protective Irrigation Works and Railways; and the balance is devoted to 'reduction of debt,' by outlay on Productive Works for which money would otherwise have had to be borrowed. In the current year the amounts allotted to these various purposes are now

estimated roundly at 20, 56 and 74 lakhs respectively : in the Budget for 1906-1907 the allotments are 81, 67 and 2 lakhs. It is estimated that expenditure on famine relief will be required to the extent of 42 lakhs in Bombay ; 20 lakhs in the United Provinces ; and 19 lakhs in other parts, mainly in Ajmer-Merwara. The result is a very small available balance for 'reduction of debt.'

RAILWAY REVENUE ACCOUNT.

	Accounts, 1902-1903.	Accounts, 1903-1904.	Accounts, 1904-1905.	1905-1906.		1906-1907, Budget.
				Budget.	Revised	
	₹	₹	₹	₹	₹	₹
STATE RAILWAYS—						
Gross Receipts	28,70,64,842	30,86,48,869	34,35,05,055	34,36,04,000	35,55,18,000	38,52,29,000
Working Expenses	14,74,08,163	15,56,72,365	16,94,31,560	16,85,54,000	17,44,54,000	19,17,60,000
Net Receipts	13,96,56,679	15,29,76,504	17,40,73,495	17,50,50,000	18,10,64,000	19,34,69,000
Net Revenue equivalent at ₹15 = £1	₹ 9,310,445	₹ 10,198,433	₹ 11,604,900	₹ 11,670,000	₹ 12,070,900	₹ 12,897,900
Interest and other Charges—						
India converted at ₹15 = £1	3,346,997	3,526,753	3,715,315	3,942,700	3,931,000	4,192,900
England	5,511,831	5,557,330	5,624,051	5,761,100	5,736,500	6,238,300
Net Result	451,617	1,114,350	2,265,534	1,966,200	2,403,400	2,466,700
GUARANTEED RAIL- WAYS—						
Net Traffic Receipts converted at ₹15 = £1	946,182	941,463	1,074,814	900,000	912,700	417,700
Surplus Profits pay- able to companies.						
Interest and other Charges—						
India converted at ₹15 = £1	90,884	117,311	138,593	174,300	201,500	2,600
England	1,026,892	1,032,772	1,045,143	1,039,000	1,038,600	584,800
Net Result	—171,594	—208,620	—108,922	—313,300	—327,400	—169,700
Other Receipts	50,062	39,812	47,314	49,500	44,300	55,000
Other Charges	101,136	84,873	98,488	138,200	94,800	122,700
NET RESULT	—51,074	—45,061	—51,174	—88,700	—50,500	—67,700
TOTAL NET RESULT	228,949	860,669	2,105,438	1,564,200	2,025,500	2,229,300
STATISTICS—						
State Railways—						
Capital Expenditure to March 31—						
Expenditure by Government	117,729,962	122,406,787	127,491,492	135,928,287	147,689,292	153,848,792
Expenditure by Companies	38,699,861	40,392,021	41,614,265	42,844,221	42,164,365	43,861,565
Outlay on the East Indian Railway from Debentures raised by the Company	5,630,490	5,630,490	6,194,127	8,193,790	7,572,127	9,422,127
Outlay on the South Indian Railway by the Company	1,001,250	1,001,250	1,401,250	1,512,250	1,511,250	1,511,250
TOTAL	163,061,563	169,430,548	176,701,134	188,478,548	198,937,034	208,643,734
Miles open on April 1	19,380	20,119	20,744	20,347*	20,330	21,521
Guaranteed Rail- ways—						
Miles open on April 1	1,334	1,349	1,408	1,408	1,408	964

* Decrease due to the transfer of the main line of the Bengal and North-Western Railway from this head as explained in paragraph 140 of the last Financial Statement.

197. The principal features of the Revised Estimate for 1905-1906 and of the Budget for 1906-1907 have already been discussed in paragraphs 18 and 26 (Part I) and in paragraphs 111, 139-141, and 160-161 of this part of the Financial Statement.

IRRIGATION.

IRRIGATION.	Accounts, 1902-1903.	Accounts, 1903-1904.	Accounts, 1904-1905.	1905-1906.		1906-1907, Budget.
				Budget.	Revised.	
MAJOR WORKS.	R	R	R	R	R	R
Revenue { Direct Re- { cepts	2,72,44,019	2,88,00,449	2,99,14,971	2,95,84,000	2,80,64,000	3,18,12,000
{ Land Re- { venue	1,22,15,889	1,25,57,090	1,33,98,743	1,37,38,000	1,36,80,000	1,42,82,000
Expendi- { Working { Expenses	1,13,19,158	1,21,61,268	1,31,29,212	1,28,12,000	1,34,83,000	1,35,17,000
{ Interest	1,45,36,567	1,49,13,519	1,52,28,363	1,57,25,000	1,56,04,000	1,61,88,000
NET REVENUE R	1,36,04,183	1,42,82,752	1,49,56,139	1,47,85,000	1,26,57,000	1,63,89,000
Equivalent in Sterling £	906,946	952,183	997,076	985,700	843,700	1,092,600
MINOR WORKS.						
Receipts—Direct	20,74,935	23,18,910	27,51,819	25,07,000	25,44,000	26,56,000
Expenditure	1,27,72,936	1,31,25,317	1,34,37,717	1,48,64,000	1,45,40,000	1,51,89,000
NET EXPENDITURE R	1,06,98,001	1,08,06,407	1,06,85,898	1,23,57,000	1,19,96,000	1,25,33,000
Equivalent in Sterling £	713,200	720,427	712,393	823,800	799,800	835,500
STATISTICS OF MAJOR WORKS.						
Capital Outlay to March 31 R	36,95,61,658	37,93,59,394	38,70,76,454	40,55,27,894	39,89,84,454	41,75,94,454
Equivalent in Sterling £	24,637,444	25,290,626	25,805,097	27,035,193	26,598,960	27,839,630

198. The estimates under this head have already been referred to in paragraphs 115, 130 and 147-149.

199. For 1906-1907, the direct receipts from Major Works and collections of Land Revenue due to Irrigation have been placed collectively at ₹43,50,000 higher than in the Revised Estimate of the current year, as circumstances are expected to be more favourable next year for increased irrigation in the United Provinces and the Punjab, which contribute the largest share of the revenue under this head. Working Expenses are expected to be about the same, but interest charges will increase with the additional capital outlay.

200. As regards "Minor Works," the net expenditure in the Revised Estimate is ₹3,61,000 less than in the Budget, owing to the special grant of 10 lakhs referred to in paragraph 161 of the last Financial Statement not having been spent in full. The Budget Estimate for 1906-1907 again provides for a special grant of 10 lakhs from Imperial revenues, and for a larger programme of works in Bombay.

OTHER PUBLIC WORKS.

EXPENDITURE.	Accounts, 1902-1903.	Accounts, 1903-1904.	Accounts, 1904-1905.	1905-1906.		1906-1907, Budget.
				Budget.	Revised.	
	R	R	R	R	R	R
India—						
Military Works	1,55,10,922	1,47,25,195	1,39,79,372	1,69,12,000	1,54,91,000	1,70,85,000
Civil Works, Imperial	72,01,046	86,48,595	1,04,43,283	94,07,000	1,08,62,000	96,74,000
Civil Works, Provincial	3,52,06,548	4,00,31,031	4,04,57,921	4,60,97,000	4,56,89,000	5,03,30,000
Civil Works, Local	1,81,65,666	1,89,73,803	1,96,64,996	2,62,37,000	2,27,24,000	2,42,90,000
Construction of Rail- ways charged to Provincial or Local Revenues	8,19,892	3,98,248	93,754	2,04,000	97,000	73,000
TOTAL INDIA	7,69,04,074	8,27,76,872	8,46,39,326	9,88,57,000	9,48,63,000	10,14,52,000

	Accounts, 1902-1903.	Accounts, 1903-1904.	Accounts, 1904-1905.	1905-1906.		1906-07, Budget.
				Budget.	Revised.	
	£	£	£	£	£	£
Equivalent in Sterling .	5,126,938	5,518,458	5,642,621	6,590,500	6,344,200	6,763,500
England—						
Military Works .	£ 62,607	52,974	49,641	21,600	45,100	30,400
Civil Works .	£ 107,562	92,026	73,882	87,500	73,400	70,300
TOTAL EXPENDITURE .	£ 5,297,107	5,663,458	5,766,144	6,699,600	6,442,700	6,864,200
RECEIPTS.	R	R	R	R	R	R
India	68,73,931	79,39,985	76,84,868	72,97,000	76,04,000	76,35,000
	£	£	£	£	£	£
Equivalent in Sterling	458,262	529,332	512,324	486,500	506,900	509,000
England	£ 28,679	26,171	26,229	17,000	17,800	6,600
TOTAL RECEIPTS .	£ 486,941	555,503	538,553	503,500	524,700	515,600

201. The Military works expenditure of the current year is expected to be less than the Budget Estimate by £71,200 as it has not been possible to spend the full allotment made for works connected with the reorganization and redistribution of the army. The Budget Estimate has been fixed at R1,75,41,000 (£1,169,400) and is made up as follows :—

	R
Fixed quinquennial grant	93,53,000
Large works costing over R50,000 each and special items	28,15,000
Works required in connection with the reorganization and redistribution of the Army	53,73,000
	<u>1,75,41,000</u>

202. The Revised Estimate of Imperial Civil Works Expenditure in India is R14,55,000 more than the Budget Estimate. The principal items which have contributed to this increase are acquisition of property in Calcutta, the Agricultural Research College at Pusa, and Settlement offices at Ranchi. The Budget Estimate for next year provides, in addition to normal expenditure, for special expenditure connected with the Agricultural College at Pusa, on a new General Post Office in Bombay, and on a Currency Office at Cawnpore. The expenditure in Berar will from next year be included under Provincial, a new provincial settlement having been made with effect from that year for the combined province of Central Provinces and Berar.

203. As regards Provincial expenditure, the Revised Estimate shows an aggregate saving of R4,08,000. The principal variations leading up to this have already been explained in paragraph 120.

The Budget Estimate for 1906-1907 includes the expenditure in Berar, which, as explained above, used to be treated hitherto as Imperial. Apart from this, there is considerable increase in the Central Provinces, and in Eastern Bengal and Assam; in the latter case consequent on the creation of the province, and in the former on expenditure enabled by the favourable terms of the new settlement.

204. As regards Local expenditure, the Revised Estimate of the current year is R35,13,000 less than the Budget Estimate, as District and Local Boards have not been able to mature schemes for utilizing in full the large additional resources placed at their disposal by the grants made from Imperial Revenues as explained in paragraph 27 of the last Financial Statement. The Budget Estimate for next year provides for considerable additional outlay in most of the provinces.

ARMY SERVICES.

EXPENDITURE.	Accounts, 1902-1903.	Accounts, 1903-1904.	Accounts, 1904-1905.	1905-1906.		1906-1907, Budget.
	Budget.	Revised.				
INDIA—	R	R	R	R	R	R
Effective Services—						
Regimental Pay and Allowances.	8,25,96,895	8,85,44,754	9,81,48,328	9,84,97,000	10,16,48,000	10,67,86,000
Supply and Transport . . .	4,19,46,895	4,19,01,868	4,23,40,078	4,36,97,000	4,43,36,000	4,74,78,000
Ordnance . . .	1,12,99,554	1,09,25,486	1,17,88,401	1,36,52,000	1,28,56,000	1,36,78,000
Other Heads . . .	3,51,55,659	4,13,42,750	4,30,63,249	3,51,87,000	3,56,92,000	3,55,25,000
	17,09,99,003	18,27,14,858	19,53,40,056	19,10,33,000	19,45,32,000	20,34,67,000
Non-effective Services	98,37,015	1,00,92,048	1,00,80,632	1,00,25,000	1,03,01,000	1,01,92,000
Reorganization . . .	...	...	61,67,087	85,36,000	69,27,000	...
TOTAL INDIA . . .	18,08,36,018	19,28,06,906	21,15,87,775	20,95,94,000	21,17,60,000	21,36,59,000
Equivalent in Sterling . . .	£ 12,055,735	£ 12,853,793	£ 14,105,851	£ 13,972,900	£ 14,117,100	£ 14,243,900
ENGLAND—						
Effective Services—						
Payments to War Office in respect of British Forces serving in India .	851,993	627,109	644,552	646,000	566,000	650,000
Furlough Allowances and Pay during Voyage of British Forces serving in India .	112,750	141,132	124,465	126,000	132,000	130,000
Furlough Allowances of Officers of the Indian Service .	250,605	261,115	269,603	250,000	295,000	270,000
Indian Troop Service . . .	345,499	360,039	370,944	321,300	327,400	319,000
Other Heads . . .	75,062	55,285	64,971	61,000	49,800	50,000
Stores for India—						
Clothing . . .	183,149	238,956	212,903	203,300	187,300	198,400
Ordnance and Miscellaneous .	1,015,005	795,670	1,142,545	527,100	430,600	475,800
Reorganization . . .	...	...	...	...	...	1,002,200
Other Heads . . .	92,795	139,474	116,142	123,100	91,700	103,900
	2,926,858	2,618,780	2,946,125	2,257,800	2,079,800	3,199,300
Non-effective Services—						
Payments to War Office for Retired Pay, etc., of British Forces for services in India .	615,037	659,895	729,615	725,000	715,300	745,000
Pay and Pensions of Non-effective and Retired Officers of the Indian Service .	1,602,887	1,580,924	1,543,153	1,530,000	1,515,000	1,500,000
Other Heads . . .	145,875	151,816	164,584	161,000	154,600	158,500
	2,363,799	2,392,635	2,437,352	2,416,000	2,384,900	2,403,500
Reorganisation—						
Stores for India . . .	...	...	686,366	1,635,600	858,500	...
TOTAL ENGLAND £ . . .	5,290,657	5,011,415	6,069,843	6,309,400	5,323,200	5,602,800
TOTAL EXPENDITURE £ . . .	17,346,392	17,865,208	20,175,694	20,282,300	19,440,300	19,846,700
RECEIPTS.	R	R	R	R	R	R
India . . . R . . .	1,09,79,881	95,85,634	91,02,271	89,80,000	1,09,03,000	1,14,18,000
Equivalent in Sterling	£ 731,992	£ 639,042	£ 606,818	£ 598,700	£ 726,900	£ 761,200
England . . . £ . . .	392,998	450,386	354,113	328,900	351,000	303,300
TOTAL RECEIPTS £ . . .	1,124,990	1,089,428	960,931	927,600	1,077,900	1,064,500

FINANCIAL STATEMENT OF THE

205. The variations have been explained in paragraphs 112, 122, 123 and 163—164.

206. The following table gives a comparison of the estimates for 1905-1906 and 1906-1907 for the whole military expenditure of India both in this country and in England under all the heads of account under which it is charged.

	Army.	Military Works.	Marine.	Special Defences.	TOTAL.
Budget, 1905-1906—					
India—	₹	₹	₹	₹	₹
Ordinary	19,84,76,000	90,29,000	39,93,000	...	21,14,98,000
Special	1,11,18,000	78,83,000	2,000	11,73,000	2,01,76,000
TOTAL	20,95,94,000	1,69,12,000	39,95,000	11,73,000	23,16,74,000
Converted into £—	£	£	£	£	£
Ordinary	13,231,700	601,900	266,200	...	14,099,800
Special	741,200	525,600	100	78,200	1,345,100
TOTAL	13,972,900	1,127,500	266,300	78,200	15,444,900
England—	£	£	£	£	£
Ordinary	4,662,900	21,600	181,600	...	4,866,100
Special	1,646,500	...	100,000	175,000	1,921,500
TOTAL	6,309,400	21,600	281,600	175,000	6,787,600
Total India and England—	£	£	£	£	£
Ordinary	17,894,600	623,500	447,800	...	18,965,900
Special	2,387,700	525,600	100,100	253,200	3,266,600
TOTAL	20,282,300	1,149,100	547,900	253,200	22,232,500
Revised, 1905-1906—					
India—	₹	₹	₹	₹	₹
Ordinary	20,22,51,000	89,38,000	40,04,000	...	21,51,93,000
Special	95,09,000	65,53,000	2,000	12,14,000	1,72,78,000
TOTAL	21,17,60,000	1,54,91,000	40,06,000	12,14,000	23,24,71,000
Converted into £—	£	£	£	£	£
Ordinary	13,483,200	595,900	267,000	...	14,346,100
Special	633,900	436,900	100	80,900	1,151,800
TOTAL	14,117,100	1,032,800	267,100	80,900	15,497,900
England—	£	£	£	£	£
Ordinary	4,453,800	24,600	184,500	...	4,682,900
Special	869,400	20,500	72,000	111,100	1,053,000
TOTAL	5,323,200	45,100	256,500	111,100	5,735,900
Total India and England—	£	£	£	£	£
Ordinary	17,937,000	620,500	451,500	...	19,029,000
Special	1,503,300	457,400	72,100	192,000	2,204,800
TOTAL	19,440,300	1,077,900	523,600	192,000	21,233,800
Budget, 1906-1907—					
India—	₹	₹	₹	₹	₹
Ordinary	20,14,51,000	88,97,000	41,92,000	...	21,45,34,000
Special	1,22,08,000	81,88,000	7,000	20,33,000	2,24,42,000
TOTAL	21,36,59,000	1,70,85,000	41,99,000	20,33,000	23,69,76,000
Converted into £—	£	£	£	£	£
Ordinary	13,430,100	593,100	279,500	...	14,302,700
Special	813,800	545,900	500	135,500	1,495,700
TOTAL	14,243,900	1,139,000	280,000	135,500	15,798,400
England—	£	£	£	£	£
Ordinary	4,558,000	30,400	183,900	...	4,772,300
Special	1,044,800	...	130,100	96,000	1,270,900
TOTAL	5,602,800	30,400	314,000	96,000	6,043,200
Total India and England—	£	£	£	£	£
Ordinary	17,988,100	623,500	463,400	...	19,075,000
Special	1,858,600	545,900	130,600	231,500	2,766,600
TOTAL	19,846,700	1,169,400	594,000	231,500	21,841,600

207. The chief objects upon which the special expenditure for next year is to be incurred are as follows :

The artillery rearmament which has had to be postponed this year.
Construction of buildings and acquisition of lands in connection with the scheme of army redistribution and the expansion of ordnance factories.
Additional mule corps and cadres.
Addition of officers to the Indian Army.
Reorganization of Horse and Field batteries.
Reorganization of existing ammunition columns of Horse and Field artillery and the formation of additional columns.
Increase in reserves of rifles and small arms ammunition.
Increase of the Native Army reserve.

Section V.—Capital Expenditure on Railways and Irrigation Works not charged to Revenue.

RAILWAY CONSTRUCTION.

208. The expenditure on Railway Construction for which the Government of India undertakes financial responsibility or gives any direct guarantee remains at ₹12,50,00,000 in 1905-1906 as originally budgeted. There was a lapse of about a crore of rupees in England from the amounts placed at the disposal of the Secretary of State; but the effect of this short outlay has been counterbalanced by increased expenditure in England by some Railway Companies; by increases to the grants for outlay in India on the North-Western, Nagda-Muttra and East Indian Railways; and by the commencement of construction work on the Purulia-Ranchi and Bara-Kotah Railways, and on the Shilman Branch of the North Western Railway. A sum of 17½ lakhs has also been provided for the purchase by Government of the Noakhali Railway, and 4 lakhs for the construction of Local Board's lines.

For 1906-1907 the programme of capital outlay on Railway Construction has been expanded to 15 crores.

209. The distribution of the total expenditure on Railway Construction between State and Companies' agency in each of the three years from 1904-1905 to 1906-1907 is as follows :—

	Accounts, 1904-1905.	Revised Estimate, 1905-1906.	Budget Estimate, 1906-1907.
<i>Expenditure in England.</i>	£	£	£
1. State Lines	1,495,093	2,062,400	3,544,000
2. Old Guaranteed Railways	311,047	444,100	608,500
3. Extensions of ditto	1,507	...	...
4. Other Guaranteed or Assisted Railways	744,073	795,100	1,562,400
TOTAL	2,551,720	3,301,600	5,714,900
<i>Equivalent in rupees of Expenditure in England.</i>			
1. State Lines	2,24,26,398	3,09,36,000	5,31,60,000
2. Old Guaranteed Railways at contract rates	37,56,081	53,30,000	66,38,000
3. Extensions of ditto at prescribed rates	22,602	...	...
4. Other Guaranteed or Assisted Railways at contract rates	1,11,61,112	1,19,26,000	2,34,36,000
TOTAL	3,73,66,193	4,81,92,000	8,32,34,000
<i>Expenditure in India.</i>			
1. State Lines	6,60,28,941	9,86,72,000	6,68,09,000
2. Old Guaranteed Railways	—24,94,929	—1,86,01,000	—33,78,000
3. Extensions of ditto	—68,595	30,000	40,000
4. Other Guaranteed or Assisted Railways	69,32,862	—36,98,000	19,65,000
5. Branch lines on firm guarantee	64,897	5,000	30,000
6. Local Board's Lines	...	4,00,000	13,00,000
TOTAL INDIA	7,04,63,176	7,68,08,000	6,67,66,000
TOTAL OF PROGRAMME IN RUPEES	10,78,29,369	12,50,00,000	15,00,00,000
DITTO IN £ STERLING			
AT ₹15 TO THE £	7,188,625	8,333,300	10,000,000

Total outlay on
Railways
including
expenditure by
Branch Line
Companies and on
Protective Lines,
etc.

210. The figures in the above table do not include the expenditure on Protective Railways met from the Famine Insurance grant, nor of Branch Line Companies not in receipt of a direct guarantee, nor that of other Companies whose transactions are outside the Government accounts. Including this expenditure, and also some small expenditure from Provincial and Local Revenues, the total outlay on Railway Construction in the three years is as follows :—

	Accounts, 1904-1905.	Revised Estimate, 1905-1906.	Budget Estimate, 1906-1907.
	₹	₹	₹
Total as in preceding table .	10,78,29,369	12,50,00,000	15,00,00,000
Famine Protective lines .	17,37,184	8,69,000	1,01,000
Branch lines not on firm guarantee	87,865	10,55,000	5,11,000
Railways outside the Government accounts .	69,22,000	80,68,000	53,95,000
Provincial and Local State lines	93,754	97,000	73,000
GRAND TOTAL IN RUPEES .	11,66,70,172	13,50,89,000	15,60,80,000
DITTO IN £ STERLING AT ₹15 TO THE £	7,778,011	9,005,900	10,405,300

211. Details of the expenditure on State and Companies' lines, whether open or under construction, for 1905-1906 and 1906-1907, will be found in Statement A of Appendix III, furnished by the Railway Board.

CONSTRUCTION OF PRODUCTIVE IRRIGATION WORKS.

212. The figures are:—

	Accounts, 1904-1905.	Budget, 1905-1906.	Revised, 1905-1906.	Budget, 1906-1907.
Total in Rupees .	54,17,580	1,25,00,000	81,18,000	1,25,00,000
Equivalent in Sterling	£ 361,172	833,300	541,200	833,300

Capital outlay on
Productive
Irrigation Works.
Details.

The decrease of ₹43,82,000 in the Revised Estimate as compared with the Budget Estimate is due to short outlay on works, mainly in the United Provinces (₹9,66,000), Bombay (₹4,11,000), and the Punjab (₹18,70,000). The Budget grant for 1906-1907 has again been fixed at ₹1,25,00,000.

213. The following table shows the projects included in the programme of 1905-1906 as now revised and in that of 1906-1907, and the amount to be spent on each.

Name of project.	Expenditure in	
	1905-1906.	1906-1907.
Canals in operation—		
Mandalay Canal .	22,000	12,000
Ganges „	3,50,000	7,15,000
Lower Ganges Canal .	2,24,000	4,59,000
Fatehpur Branch, Lower Ganges Canal .	16,000	90,000
Agra Canal .	2,10,000	2,68,000
Eastern Jumna Canal .	1,00,000	1,68,000
Western „	30,000	...
Upper Bari Doab „	1,69,000	3,00,000
Sirhind Canal .	52,000	10,000
Lower Chenab Canal .	1,29,000	...
Lower Jhelum „	7,88,000	2,00,000
Indus Inundation Canals .	3,91,000	40,000
Godavari Delta .	1,40,000	2,33,000
Kistna „	1,39,000	1,53,000
Penner River Canals .	37,000	68,000
Cauvery Delta .	1,48,000	1,84,000
Periyar Project .	1,80,000	4,36,000
Carried over .	31,25,000	33,36,000

Name of project.	Expenditure in	
	1905-1906.	1906-1907.
Brought forward .	31,25,000	33,36,000
<i>Canals under construction—</i>		
Shwebo Canal	5,40,000	4,60,000
Mon Canals	5,48,000	6,77,000
Ye-u Canal	1,90,000	3,51,000
Upper Chenab Canal	18,54,000	26,50,000
Upper Jhelum	11,63,000	20,00,000
Paharpur Inundation Canal	1,61,000	3,00,000
Nagavalli River project	1,30,000	4,92,000
Divi Island project	1,40,000	8,21,000
<i>Other Projects</i>	2,67,000	9,13,000
<i>Reserve</i>	...	5,00,000
TOTAL R .	81,18,000	1,25,00,000
Equivalent in Sterling £ .	541,200	833,300

Section VI.—Provincial Finance.

214. The system of *quasi*-permanent settlement described in paragraphs 211 to 213 of the Financial Statement of 1904-1905, has this year been extended to the Central Provinces and Berar, the new settlement with which will come into effect from 1st April 1906. The last temporary settlement with the Central Provinces proper was made in 1897, while in Berar revenue and expenditure have hitherto been Imperial. Financially, the whole province will now be on the ordinary Provincial footing. *New Settlement with Central Provinces and Berar.*

215. Under the former settlement the Central Provinces received three-fourths of its Stamp revenue, one-fourth share of Excise receipts, and one-half of Land Revenue, Forest, Registration and Assessed Taxes. Under the new settlement the principal divisible heads will be evenly shared between the Imperial and Local Governments, with the exception of Registration which will be wholly Provincial. The Government of India have, moreover, guaranteed that if in any year the Provincial share of the Land Revenue collection should fall below 82½ lakhs the deficit will be made up to the Local Government. The allocation of expenditure under the corresponding heads follows that of receipts, save that, under 3.—Land Revenue, the expenditure, which represents the cost of ordinary administration, has been made wholly Provincial.

216. The Local Government further receives a fixed assignment of 27·07 lakhs; and in order that it may start the new settlement under favourable conditions and provide for non-recurring public works expenditure, it has been given an initial grant of 30 lakhs in addition to an opening cash balance of 10 lakhs.

217. The reconstitution of the present provinces of Bengal and Eastern Bengal and Assam has necessitated new settlements with the Local Governments in question in supersession of those formerly entered into with the undivided province of Bengal and with Assam. Under the previous Bengal settlement, which came into effect from 1st April 1904, the Local Government received the whole of the Registration receipts, half of Stamps, seven-sixteenths under Excise, and, speaking generally, one-fourth of the remaining heads of divisible revenue.* Under the new settlement it receives the whole proceeds of Registration and of that portion of Land Revenue which is derived from Government estates *New Settlements with the reconstituted provinces of Bengal and Eastern Bengal and Assam. Bengal Settlement.*

* 12 per cent of the Land Revenue receipts derived from Government estates under direct management were wholly Provincial.

under direct management, while as regards the remaining portion of Land Revenue and the other divisible heads it obtains a uniform share of one-half. In view of this much more favourable share of growing revenue, the fixed assignment to the province now stands at 5·72 lakhs instead of 49·03 lakhs at the previous settlement.

*Eastern Bengal
and Assam
settlement.*

218. The distribution of revenue in the Eastern Bengal districts followed that of Bengal proper, while in Assam the Local Government enjoyed, under the settlement which came into force on 1st April 1904, a uniform half-share of divisible revenue. This half share has now been applied to the divisible receipts of the whole of the new province with the exception of Registration which is wholly Provincial. Here too the more liberal share of growing revenues accorded has brought about a decrease of the fixed assignment, which is now a *minus* quantity of 6·23 lakhs instead of 12·00 lakhs formerly given to Assam.

219. The new province is also to receive an initial grant of 30 lakhs in addition to the 20 lakhs formerly granted to Assam, in order to start the fresh settlement and cover building expenses consequent on new administrative arrangements. It has also been given a minimum balance of 12 lakhs and will thus start the settlement with an aggregate opening balance of 62 lakhs.

220. In view, however, of the fact that the data on which receipts and expenditure of the Eastern Bengal districts have had to be calculated are not altogether certain, and that some uncertainty also exists as to the actual scale of expenditure which will be necessary under the new arrangements, it has been decided to make the new settlement with Eastern Bengal and Assam revisable at the end of 3 years.

*General Financial
results of the new
settlements.*

221. The shares of growing revenue and fixed assignments from Imperial to Provincial now stand as follows in the provinces concerned :—

	Central Provinces and Berar.	Eastern Bengal and Assam.	Bengal.
	R	R	R
Growing Revenue	1,49,36,000	2,18,42,000	4,67,01,000
Fixed Assignment	27,07,000	—6,23,000	5,72,000
TOTAL	1,76,43,000	2,12,19,000	4,72,73,000

Under the old settlement the percentage of Provincial receipts derived from growing revenues were as follows :—

Central Provinces.	Bengal.	Assam.
94	90	83

The Central Provinces now receives 85 per cent, Bengal proper 99 per cent, while the whole resources of Eastern Bengal and Assam will be derived from growing revenues. Though the Central Provinces now gets a smaller proportion of its resources in this way than it did before, this is due merely to the fact that it is now allowed a more liberal standard of expenditure necessitating a considerable supplementary assignment. As shown in paragraph 215, it gets on the whole a better share of divisible revenues than formerly. The betterment of the two other provinces in this respect is of course at the cost of Imperial revenues, while the standard of expenditure which all three provinces will be able to work up to on the basis of the present receipts is in each case a good deal more liberal than formerly.

*Outstanding
special grants
which have
merged in the new
settlements with
the Central
Provinces.*

222. Opportunity has been taken of the new settlements to merge therein the special grants for Police, Primary Education, Agricultural development, grants-in-aid to District Boards, and compensation for remission of famine cess referred to in paragraph 208 of the last Financial Statement, in so far as these appertain to the Central Provinces, Bengal or Eastern Bengal and Assam. The grants for Police, Primary Education and District Boards, assigned to the undivided

province of Bengal, have, in drawing up the terms of the new settlements, been recalculated as follows :—

	Police reform.	Primary Education.	District Boards.
	R	R	R
Bengal	9,00,000	6,67,000	8,69,000
Eastern Bengal	3,00,000	3,33,000	3,81,000
TOTAL	12,00,000	10,00,000	12,50,000

Bengal, and Eastern Bengal.

The Central Provinces share of the grants for education and improvement of district administration referred to in paragraph 207 of the last Financial Statement, and the compensatory payments granted to the province for loss of Income-tax receipts, repeal of the Pandhri tax, and extra expenditure consequent on the addition of Berar referred to in paragraph 209, have also been merged in the new settlement with that province.

223. The grant of 5 lakhs for the improvement of University and Collegiate education referred to in paragraph 208 of the last Financial Statement has now been distributed as follows for 1905-1906 and for the three subsequent years, at the end of which time the grant will lapse :—

Redistribution of grant for University and Collegiate education.

	1905-1906.	1906-1907, and the following years.
	R	R
Madras	1,05,000	1,05,000
Bombay	65,000	65,000
Bengal	1,10,000	1,60,000
Eastern Bengal and Assam	45,000	20,000
United Provinces	80,000	80,000
Punjab	60,000	60,000
Central Provinces	35,000	10,000
TOTAL	5,00,000	3,00,000

224. The recurring grant of 5 lakhs for technical schools and European education referred to in paragraph 134 *ante*, has been distributed as follows so far as the technical education portion is concerned :—

Distribution of new grants made in 1906-1907.

	R
Bombay	1,67,000
Bengal	35,000
United Provinces	30,000
Central Provinces	22,000
TOTAL	2,54,000

Grant for technical education.

The balance, which is intended for European and Eurasian education, has not yet been distributed. The grant to the Central Provinces includes R10,000 for buildings which will not be repeated in subsequent years.

225. The 25 lakhs additional recurring grant for Police reform referred to in paragraph 134 above, has been distributed among the provinces as follows :—

Grant for Police Reforms.

	R
Madras	4,50,000
Bombay	2,50,000
Bengal	4,00,000
Eastern Bengal and Assam	2,25,000
United Provinces	3,25,000
Punjab	2,50,000
Burma	2,50,000
Central Provinces	2,50,000
Minor Provinces	1,00,000
TOTAL	25,00,000

The Government of India have also made an additional grant of 2 lakhs to the Government of Eastern Bengal and Assam during the ensuing year for the reorganization of its Military Police.

*Grant for
Agricultural
and Veterinary
development.*

226. The grant of 20 lakhs for Agricultural and Veterinary development made this year was shown as undistributed in paragraph 208 of the last Financial Statement, but later on in the year 18'35 lakhs were distributed to the provinces.

In the coming year, as stated in paragraph 134, the grants to the Provinces have been increased to 21½ (Rs 21,55,000) lakhs which are now distributed thus :—

	R
Madras	3,00,000
Bombay	3,50,000
Bengal	3,00,000*
Eastern Bengal and Assam	2,00,000*
United Provinces	3,00,000
Punjab	2,50,000
Burma	2,00,000
Central Provinces	2,20,000*
Frontier Province	35,000
TOTAL	21,55,000

* In these cases the grants are merged in the new settlements.

*Compensation to
Provinces
consequent on the
abolition of
the patwari and
village service
cesses.*

227. The remission of the patwari and village service cesses involves the following compensatory allotments to Provincial revenues :—

	R
(a) Madras	49,00,000

Of this, 28 lakhs represent compensation for the proceeds of the cess levied from the ryots. The Madras Government contributed an equivalent amount to village service, which was deducted from the total Land Revenue receipts and shown under Local. Hereafter this deduction will cease to be made, with the result that, as three-fourths of the land revenue receipts are Imperial, the Provincial Government would under the settlement conditions only receive 7 lakhs. Hence it is necessary to make a further compensatory assignment of 21 lakhs.

	R
(b) Bengal (for Sambalpur District)	26,000
(c) United Provinces	7,77,000

The total sum remitted in the United Provinces is Rs 25,54,000, and the Local Government contributes Rs 10,00,000 towards the cost of the patwari establishment which may, therefore, be taken at Rs 35,54,000. This expenditure will now be shown under 3—Land Revenue, and under the terms of the Provincial settlement only half the cost (Rs 17,77,000) will fall on Provincial revenues. As these revenues already bear Rs 10,00,000 of the cost, the extra charge entailed on them by the change is Rs 7,77,000 which is given in the shape of compensation. The cost to Imperial revenues is Rs 17,77,000 + 7,77,000 = Rs 25,54,000.

	R
(d) Punjab	15,64,000
(e) Central Provinces	7,25,000

The remission of these cesses will further cost nearly 2 lakhs in the Frontier Province, Ajmer and Coorg ; but here the loss falls directly on Imperial.

An assignment of Rs 2,50,000 has also been made to the Government of Bombay to cover the loss sustained by that Government by a reclassification of a portion of the land revenue receipts in Sind formerly classed as local under the head Provincial Rates, and devoted to the payment of village officers there. Hereafter this sum, amounting at present to Rs 5,00,000, will merge in the ordinary Land Revenue head of which the Local Government obtains half. But as it will still pay the whole cost of the village service establishments, it receives a compensatory adjustment of Rs 2,50,000.

228. The repeal of the zamindari dak cess in Bengal and Eastern Bengal mentioned in paragraph 132 will fall entirely on Imperial funds. In regard to the relief of District Boards in the United Provinces, the Punjab, Burma, the Central Provinces, the Frontier Province and Coorg of the contributions they have hitherto paid for district post charges, it is necessary to compensate the Central Provinces Administration for the sum formerly received by it in this connection, which was still considered as an item of Provincial revenue after district post charges had been Imperialised. The contribution thus necessitated is Rs 48,000. Compensation of a similar character has, as explained in the footnote to paragraph 133, to be made to the Punjab Government to the extent of Rs 1,41,000. In other cases the cost of the new arrangements falls entirely and directly on Imperial funds.

A compensatory assignment of Rs 67,000 is also made to the Government of the United Provinces on account of the relief of District Boards there from the schools and establishment charges referred to in paragraph 133.

229. The special contribution towards the improvement of the port of Chittagong referred to in paragraph 209 of the last Financial Statement, will now fall to be paid to the Government of Eastern Bengal and Assam. In view of the necessary improvements being considerably more expensive than was at first anticipated, the Government of India have decided to raise their total contribution to 10 lakhs, of which 5.22 lakhs have been provided for in the Revised Estimate of the current year, and 4.78 lakhs in the Budget for 1906-1907. A final grant of 6.74 lakhs is also provided in the Budget for 1906-1907 as Imperial contribution towards the improvement of the Madras Harbour.

230. The following table gives the usual information regarding revenue, expenditure, and balances of each province, compared with the standards assumed in the settlements in force in each :—

	Estimate for the previous Settlement.	Estimate for the present quasi-permanent Settlement.	ACCOUNTS.			Revised, 1905-1906.	Budget, 1906-1907.
			1902-1903.	1903-1904.	1904-1905.		
	1	2	3	4	5	6	7
	R	R	R	R	R	R	R
MADRAS—							
Balance on April 1, 1902 .	...	...	42,87,000	...	...	...	...
Total Revenue, including adjustments . . .	3,10,65,000	3,50,48,000	3,64,05,000	4,22,11,000	3,63,69,000	4,11,90,000	4,73,15,000
Total Expenditure . . .	3,10,65,000	3,50,48,000	3,64,21,000	3,69,70,000	3,77,71,000	4,11,19,000	4,86,06,000
Closing Balance . . .	...	...	42,71,000	95,12,000	31,10,000	81,81,000	68,90,000
BOMBAY—							
Balance on April 1, 1902 .	...	...	58,23,000	...	...	...	...
Total Revenue, including adjustments . . .	4,16,53,000	4,91,75,000	4,67,70,000	4,60,62,000	5,10,29,000	5,22,41,000	5,35,57,000
Total Expenditure . . .	4,16,53,000	4,91,75,000	4,91,93,000	4,61,85,000	4,66,33,000	5,25,37,000	5,78,82,000
Closing Balance . . .	...	...	34,00,000	32,77,000	76,73,000	73,77,000	30,52,000
BENGAL—BEFORE PARTITION—							
Balance on April 1, 1902 .	...	...	49,06,000	...	...	...	...
Total Revenue, including adjustments . . .	4,98,87,000†	...	5,23,92,000	6,33,54,000	5,18,29,000	5,79,90,000	...
Total Expenditure . . .	4,98,87,000†	...	5,17,69,000	5,46,30,000	5,30,82,000	5,91,92,000	...
Closing Balance . . .	...	...	55,29,000*	1,42,53,000	1,30,00,000	1,17,98,000	...
BENGAL AS NOW CONSTITUTED—							
Balance on April 1, 1906 .	...	1,17,98,000	...	...	...	...	...
Total Revenue, including adjustments . . .	...	4,72,73,000	...	...	...	...	4,90,02,000
Total Expenditure . . .	...	4,72,73,000	...	...	...	...	5,18,24,000
Closing Balance . . .	...	...	...	...	...	...	89,76,000*
ASSAM—							
Balance on April 1, 1902 .	...	...	6,00,000	...	...	...	...
Total Revenue, including adjustments . . .	72,07,000†	...	84,16,000	92,84,000	75,20,000	1,16,40,000	...
Total Expenditure . . .	72,07,000†	...	74,07,000	81,44,000	77,89,000	79,20,000	...
Closing Balance . . .	...	...	10,09,000	27,49,000	24,80,000	62,00,000	...

* Includes Rs 50,00,000 held for the Calcutta improvement scheme referred to in paragraph 219 of last year's Statement.
† Settlement of 1904.

Other compensations consequent on adjustments referred to in paragraph 133.

Special contributions for the Chittagong Port and the Madras Harbour.

Revenue, Expenditure and balances of the various provinces.

	Estimate for the previous Settlement.	Estimate for the pre- sent <i>quasi</i> - permanent Settlement.	ACCOUNTS.			Revised, 1905-1906.	Budget, 1906-1907.
	1	2	1902-1903.	1903-1904.	1904-1905.	6	7
EASTERN BENGAL AND ASSAM—	R	R	R	R	R	R	R
Balance on April 1, 1906 .	...	62,00,000	...	...	...	...	...
Total Revenue, including adjustments	...	2,12,19,000	...	...	...	...	2,25,37,000
Total Expenditure . . .	...	2,12,19,000	...	...	...	...	2,39,15,000
Closing Balance . . .	...	...	...	...	...	...	48,22,000
UNITED PROVINCES OF AGRA AND OUDH—							
Balance on April 1, 1902 .	...	...	38,80,000	...	...	...	...
Total Revenue, including adjustments	3,42,62,000	3,66,64,000	3,89,87,000	4,30,39,000	3,77,58,000	3,79,36,000	4,40,79,000
Total Expenditure . . .	3,42,62,000	3,66,64,000	3,90,51,000	3,93,23,000	3,86,27,000	4,12,07,000	4,68,74,000
Closing Balance . . .	...	...	38,16,000	75,27,000	66,55,000	33,87,000	5,92,000
PUNJAB—							
Balance on April 1, 1902 .	...	...	14,96,000	...	...	...	...
Total Revenue, including adjustments	1,90,28,000	2,49,50,000	2,24,54,000	2,30,40,000	2,69,82,000	2,60,85,000	2,96,34,000
Total Expenditure . . .	1,90,28,000	2,49,50,000	2,14,25,000	2,23,65,000	2,21,87,000	2,90,64,000	3,21,81,000
Closing Balance . . .	...	...	25,25,000	32,00,000	79,95,000	59,16,000	33,69,000
BURMA—							
Balance on April 1, 1902 .	...	...	1,38,17,000	...	...	...	...
Total Revenue, including adjustments	3,31,33,000	...	3,40,43,000	3,70,48,000	3,85,71,000	4,22,52,000	4,42,14,000
Total Expenditure . . .	3,31,33,000	...	3,73,30,000	3,90,80,000	4,01,63,000	4,42,58,000	4,64,79,000
Closing Balance . . .	...	...	1,05,30,000	84,98,000	69,06,000	49,00,000	26,35,000
CENTRAL PROVINCES PRO- PER—							
Balance on April 1, 1902 .	...	...	22,43,000	...	...	...	...
Total Revenue, including adjustments	83,93,000	...	1,02,98,000	1,14,39,000	1,14,84,000	1,59,33,000	...
Total Expenditure . . .	83,93,000	...	1,02,99,000	1,21,80,000	1,21,85,000	1,26,98,000	...
Closing Balance . . .	...	...	22,42,000	15,01,000	8,00,000	40,35,000	...
CENTRAL PROVINCES AND BERAR—							
Balance on April 1, 1906 .	...	40,35,000	...	...	...	...	...
Total Revenue, including adjustments	...	1,76,43,000	...	...	...	...	2,03,64,000
Total Expenditure . . .	...	1,76,43,000	...	...	...	...	1,97,32,000
Closing Balance . . .	...	...	...	...	...	...	46,67,000

Section VII.—Ways and Means.

HOME TREASURY.

231. The following are the details of the transactions of the Home Treasury in the Budget and Revised Estimates of 1905-1906 and in the Budget Estimate of 1906-1907 :—

	Budget, 1905-1906.	Revised, 1905-1906.	Budget, 1906-1907.
	£	£	£
RECEIPTS.			
Permanent Debt incurred for the Redemption of Railway Liabilities	2,927,400	12,480,400	...
Capital raised and deposited by Railway Com- panies—			
For Capital outlay	402,600	552,200	901,800
* For discharge of Debentures	2,274,800	600,100	2,718,300
Deposits and Advances—			
* Gold Reserve Fund	254,000	6,488,400	3,324,200
Currency Reserve	1,333,000	1,333,300	1,076,700
Other items	14,300	16,500	11,500
Remittance Account between England and India—			
Railway transactions	2,114,000	1,491,700	1,853,500
Remittance of Gold from India	...	400,300	...
Gold withdrawn from the Paper Currency Reserve	...	250,000	1,750,000
Other transactions	301,000	1,589,300	339,500
Total Receipts, excluding Council Bills and Loans	9,621,100	25,202,200	11,975,500

* The heads marked with an asterisk appear both on the receipt and payment sides. As the receipts and disbursements under each of them are generally equal, they do not affect the Ways and Means on the year to any material extent.

	Budget, 1905-1906.	Revised, 1905-1906.	Budget, 1906-1907.
	£	£	£
DISBURSEMENTS.			
Excess of Expenditure over Revenue	19,262,800	18,071,800	18,731,300
Railway and Irrigation Capital not charged to Revenue—			
Outlay on State Railways and Irrigation Works	2,372,500	2,088,900	3,590,000
Redemption of Railway Liabilities	3,427,400	12,980,900	...
Outlay of Railway Companies	1,145,200	1,241,900	2,172,700
* Payments to Railway Companies for discharge of debentures	2,274,800	1,236,700	2,718,300
Permanent Debt discharged	250,000	250,100	749,900
Temporary Debt discharged	500,000	500,000	...
Deposits and Advances—			
* Gold Reserve Fund	254,000	6,488,400	3,324,200
Currency Reserve	1,333,000	2,378,300	31,700
Other transactions	3,600	6,000	1,500
Remittance Account between England and India—			
Railway transactions	1,654,300	1,832,000	2,209,500
Purchase of silver	...	8,574,000	750,000
Other transactions	408,300	371,200	422,000
Total Disbursements	32,885,900	56,020,200	34,701,100
Net Disbursements, excluding Council Bills, Loans, and Opening Balance	23,264,800	30,818,000	22,725,600
Financed as follows :			
Council Bills	16,500,000	26,700,000	17,800,000
Permanent Debt incurred	2,000,000	2,000,000	2,000,000
Reduction of Cash Balance	4,764,800	2,118,000	2,925,600
TOTAL	23,264,800	30,818,000	22,725,600
Opening Balance	10,338,282	10,262,581	8,144,581
Closing Balance	5,573,482	8,144,581	5,218,981

* The heads marked with an asterisk appear both on the receipt and payment sides. As the receipt and disbursements under each of them are generally equal, they do not affect the Ways and Means of the year to any material extent.

232. In the Budget Estimate of the current year, the net disbursements of 1905-1906. the Home Treasury were taken at £23,264,800, and it was proposed to meet these by the sale of Council Bills for £16,500,000, excluding £1,333,000 to be drawn from the Currency Reserve for investment in sterling securities, by the issue of £2,000,000 of India Stock and by drawing to the extent of £4,764,800 on the opening cash balance of the year. General Remarks.

233. The dominant feature of the year has been an exceptionally heavy demand for Council Bills, the total sales being now expected to amount to £31,576,300 or £26,700,000, excluding £3,543,000 drawn on account of the Gold Reserve Fund and £1,333,300 mentioned above as drawn for investment of a part of the currency reserve. Of the additional funds thus obtained, amounting to £10,200,000 as compared with the Budget provision, £7,924,000 has been spent for the purchase of silver sent to this country for the coinage of rupees required to meet the additional Council Bills; £1,045,000 has been remitted to India through the Secretary of State's currency chest in England, the institution of which has been referred to in paragraph 74 of Part I; and £1,231,000 is left as an increase in the resources of the Secretary of State. In addition to the quantity mentioned above as purchased from the extra drawings, silver to the value of £400,000 has been purchased from the remittance of £400,300 in gold received during the year from India, the remittance having been made from this country in March last. £250,000 worth of silver will also be sent to this country, before the 31st March, but this does not affect the Home Treasury balances as the value is to be recovered from the Secretary of State's currency chest, the cost of the silver being added to the bullion reserve of the Currency Department. The other important variations between the Budget and Revised Estimates which affect the closing balance are

(1) a saving of £1,191,000 on the Budget Estimate of net expenditure over revenue, chiefly by reason of lapses under military expenditure; (2) a decrease of £283,600 in the Capital Expenditure on State Railways; and (3) a net increase of £1,324,900 in the receipts from deposits and miscellaneous remittances from India. These together with the net balance of £1,231,000 derived from additional Council Bills have increased the resources of the Secretary of State by £4,030,500. On the other hand, the net payments to railway companies have exceeded the Budget by £1,383,700,* mainly in consequence of the East Indian Railway having raised a smaller amount of debenture stock and to the discharge by the Bombay, Baroda and Central India Railway Company of a part of their debentures. The net result of these variations is that the cash balances will be drawn upon to the extent of £2,118,000 instead of £4,764,800 estimated in March last.

*Redemption of
Railway Liabilities*

234. In the Budget provision was made for permanent debt to the extent of £2,927,400 on account of the debenture capital of the Bombay, Baroda and Central India Railway, while on the expenditure side provision was made for this sum and for £500,000 against the purchase of the Bengal Central Railway as outlay on redemption of railway liabilities. The latter charge has been duly incurred, but of the debentures of the Bombay, Baroda and Central India Railway, £536,100 were discharged by the Company before the purchase of the line. The method of purchase had not been decided upon at the time the Budget Estimate was prepared. Ultimately, the purchase price of the undertaking was fixed at £11,685,600 which was discharged, as regards £2,000,000 by the creation of new 3 per cent. capital stock of the Company to that amount, and as to the balance of £9,685,600 by the creation of £10,089,100 India 3 per cent. stock issued to the Company. Hence the large variations which appear under the heads in question as between the Budget of 1905-1906 and the Revised Estimate: they do not affect the cash balances.

1905-1906.

*Investment of part
of the Currency
Reserve.*

235. The Budget Estimate provided for the remittance to London of £1,333,000 of the currency reserve held in India for investment of an additional sum of two crores of rupees in sterling securities: in accordance with the original intention, the remittance was made by means of Council Bills, and Consols of the nominal value of £923,646½ and £500,000 of Exchequer Bonds were purchased therewith by the Secretary of State. In December and February last, to relieve the great pressure on the Indian Treasury balances, occasioned by the very heavy sales of Council Bills and telegraphic transfers, the Secretary of State paid from his Treasury balance to the Currency chest held at the Bank of England, a sum of £1,045,000 in gold: this admitted of a corresponding transfer of 156¾ lakhs of rupees from the Currency to the Treasury balances in India. This accounts for the increase of £1,045,000 shown against "Currency Reserve" on the payment side of the table in paragraph 231.

	Budget, 1905-1906.	Revised, 1905-1906.
* Capital raised and deposited by Railway companies—	£	£
For capital outlay	402,600	552,200
For discharge of debentures	2,274,800	600,100
Remittance Account between England and India—		
Railway transactions	2,114,000	1,491,700
Total Receipts	4,791,400	2,644,000
Railway and Irrigation Capital not charged to Revenue—		
Outlay of Railway companies	1,145,200	1,241,900
Payments to Railway companies for discharge of debentures	2,274,800	1,236,700
Remittance Account between England and India—		
Railway transactions	1,654,300	1,832,000
Total Disbursements	5,074,300	4,310,600
Net Disbursements	282,900	1,666,600
Increase		1,383,700

236. As already mentioned, the demand for Council Bills and telegraphic transfers has been exceptionally heavy throughout the year, and the sales are now expected to reach the record figure of £31,576,300. Of this sum, £3,543,000 and £1,333,300, respectively, have been appropriated for the remittance to London of the profit on coinage accruing to the Gold Reserve Fund and the sterling investment on account of the Currency Reserve. To avoid heavy shipments to India of gold from Australia, the Secretary of State in December last decided to purchase from certain selected banks and firms consignments of sovereigns, payment being made therefor by telegraphic transfers issued at 16d. per rupee. The sum of £31,576,300 mentioned above includes transfers aggregating £3,178,300 granted under these conditions.

237. The Budget Estimate provided for the discharge of the residue (£500,000) of the Temporary Sterling Debt, and for the issue as permanent debt of £2,000,000 India Stock for the purchase of the Bengal Central Railway (£500,000), the discharge of Great Indian Peninsula Railway Debentures (£250,000), and advances to Indian Railway Companies under Act 51 Vict., c. 5. This programme has been adhered to. The sterling loan was announced in April last, tenders being invited for £2,000,000 of 3 per cent India Stock at a minimum rate of 97 per cent. The applications received amounted to £5,203,800 and the average rate of accepted tenders was £97 18s. 1d.

238. The details of the transactions under Capital raised and deposited by Railway Companies are as follows:—

RECEIPTS.	Budget, 1905-1906.	Revised, 1905-1906.	1905-1906. Council Bills.
<i>Subscribed Capital.</i>			
To discharge Debentures—	£	£	
Assam Bengal Railway	300,000	...	
Bengal-Nagpur Railway Extensions	400,000	...	
Indian Midland Railway	150,000	..	
Southern Mahratta Railway	688,100	600,000	
Bombay, Baroda and Central India Rail- way	636,700	100	
Madras Railway	100,000	...	
	2,274,800	600,100	
To meet Capital outlay—			
Southern Mahratta Railway	100,000	249,600	
Madras Railway	300,000	299,900	
	400,000	549,500	
Miscellaneous (Transfer fees, etc.)	2,600	2,700	
TOTAL	402,600	552,200	
TOTAL RECEIPTS	2,677,400	1,152,300	
<i>ISSUES.</i>			
For discharge of Debentures	2,274,800	1,236,700	
For Capital outlay, i.e., Stores, Establish- ment Charges, etc.	1,145,200	1,241,900	
	3,420,000	2,478,600	

Railway debentures for £1,040,600 which matured during the course of the year were renewed and the discount paid on renewal amounted to £2,500. Debentures for £1,234,200 were discharged, but only £600,100 of these were replaced by fresh capital.

239. The Railway Companies whose transactions are dealt with above have separate capital deposit accounts in England, and funds raised and with- drawn by them in England are brought directly to account in the Home Treasury. There are, however, other Companies which work railways that are the property of the State, namely, the East Indian, the South Indian, the Great Indian Peninsula, the Bombay, Baroda and Central India and the

1905-1906.
Remittance
Account between
England and India
—Railway
transactions.

Rajputana-Malwa Railways. Advances are made to these Companies in England for the purchase of stores, and funds are sometimes raised by them and deposited with the Secretary of State: these deposits and advances, instead of being brought directly to account in England, are treated as Remittances from or to India and are brought to account in this country. The details of the transactions during the current year are as follows:—

RECEIPTS.		Budget, 1905-1906.	Revised, 1905-1906.
		£	£
<i>Debentures raised—</i>			
East Indian Railway	{ To replace Debentures	300	300
	{ For additional Capital	1,999,700	1,378,000
South Indian Railway	Ditto	111,000	110,000
<i>Transfer fees, etc.</i>		2,111,000	1,488,300
		3,000	3,400
TOTAL RECEIPTS		2,114,000	1,491,700
ISSUES.			
<i>For discharge of Debentures—</i>			
East Indian Railway		300	300
<i>Advances for Purchase of Stores—</i>		1,654,000	1,831,700
TOTAL ISSUES		1,654,300	1,832,000

The East Indian Railway issued only £1,500,000 of Debenture Stock instead of the £2,000,000 budgeted for. The proceeds amounted to £1,378,300.

*Budget Estimate
of 1906-1907.*

240. In the Budget Estimate of 1906-1907 the net disbursements, exclusive of receipts from Council Bills and Loans, are taken at £22,725,600: of this, £749,900 is for the discharge of Bombay, Baroda and Central India Railway debentures. Inclusive of £500,000 for the purchase of the Bengal Central Railway, and £250,000 for the discharge of Great Indian Peninsula Railway debentures, the net outgoings in the Budget Estimate of the current year were £23,264,800. The decrease next year is thus £539,200: this is the net result of several variations, the more important of which are:—

<i>Better.</i>	£
Net expenditure on Revenue Account (Decrease chiefly in Army Reorganization expenditure), <i>less</i>	531,500
Capital raised by Railway Companies for capital outlay (Debentures raised, <i>more</i> £943,500; Debentures discharged, <i>more</i> £443,500), net <i>better</i>	500,000
Temporary Debt discharged (India Bills), <i>less</i>	500,000
Redemption of Railway Liabilities, <i>less</i> £3,427,400, and Permanent Debt incurred therefor, <i>less</i> £2,927,400, net <i>better</i>	500,000
Gold withdrawn from the Paper Currency Reserve in London, including repayment to Secretary of State's treasury of the £1,045,000 referred to in para. 235, and £750,000 for the purchase of Silver, <i>more</i>	2,795,000
	4,826,500
<i>Worse.</i>	
Issues to Railway Companies for capital outlay, <i>more</i>	1,027,500
Issues to Railway Companies working State Railways, for capital outlay, <i>more</i>	555,500
Debenture capital raised by Railway Companies working State Railways (Debentures raised, <i>less</i> £261,000; Debentures discharged, <i>less</i> £300), net <i>worse</i>	260,700
Outlay on State Railways and Irrigation Works, <i>more</i>	1,217,500
Permanent Debt discharged (Debentures of purchased Railways), <i>more</i>	499,900
Purchase of silver	750,000
	4,311,100

Of the net disbursement of £22,725,600 next year, it is proposed to meet £17,800,000 by the sale of Council Bills and £2,000,000 by the issue of India Stock. The remainder, £2,925,600, will be met by drawing upon the cash balance of the Home Treasury, which at the close of the current year is expected to stand at £8,144,581. The cash balance on the 31st March 1907 is therefore estimated at £5,218,981. The estimate of Council drawings is for the amount required to provide for the Secretary of State's requirements: but additional bills will, as usual, be sold if needed to meet the demands of trade.

241. There is no temporary Sterling debt now outstanding. Of the £2,000,000 India Stock which it is at present intended to place upon the market, £749,900 is for the discharge of Bombay, Baroda and Central India Railway debentures which fall due next year, and the remainder for advances to Indian Railway Companies.

242. The details of the estimates of capital to be raised by Railway Companies are as follows:—

	To replace Debentures.	Additional Capital.	1906-1907. Loans. Capital of Railway Companies.
<i>Subscribed Capital of Railway Companies:—</i>			
	£	£	
Bengal-Nagpur Railway and Extensions .	1,348,900	...	
Indian Midland Railway	972,900	...	
Burma Railways	...	700,000	
Madras Railway	396,500	200,000	
	2,718,300	900,000	
<i>Transfer fees and miscellaneous refunds</i> .	...	1,800	
	2,718,300	901,800	
<i>Debenture Capital of Companies working purchased Railways:—</i>			
East Indian Railway	...	1,850,000	
<i>Transfer fees and miscellaneous refunds</i> .	...	3,500	
TOTAL .	...	1,853,500	

243. The following are the details of the transactions of the Gold Reserve Fund in England:—

	1905-1906.		1906-1907.	1905-1906 and 1906-1907. Gold Reserve Fund.
	Budget.	Revised.	Budget.	
RECEIPTS.				
(a) Profit on coinage, remitted to England from India—	£	£	£	
By Council Bills	...	3,543,000	...	
(b) Dividends on investments and discount on Treasury Bills .	254,000	245,400	324,200	
(c) Treasury Bills paid off at maturity, and re-invested .	...	2,700,000	3,000,000	
TOTAL .	254,000	6,488,400	3,324,200	
PAYMENTS.				
Investments made	254,000	6,488,400	3,324,200	

FINANCIAL STATEMENT OF THE

BALANCES.	1905-1906.		1906-1907.
	Budget. £	Revised. £	Budget. £
Opening Balance—			
Invested	8,377,700	8,376,600	12,165,000
Uninvested	100,300	152,000	97,700
	8,478,000	8,528,600	12,262,700
Closing Balance—			
Invested	8,631,700	12,165,000	12,489,200
Uninvested	250,300	97,700	97,700
	8,882,000	12,262,700	12,586,900
Profits on new coinage in India	150,000	3,488,700	...

1905-1906 and
1906-1907.
Summary of Debt
Transactions and
Capital Account
of Railway
Companies.

244. The following is a summary of the figures relating to Council Bills and the Sterling Debt of Government and of Railway Companies included in the Estimates for 1905-1906 and 1906-1907 :—

	Budget, 1905-1906. £	Revised, 1905-1906. £	Budget, 1906-1907. £
RECEIPTS.			
Council Bills (exclusive of Bills for £3,543,000 in the Revised Estimate of 1905-1906 on account of the Gold Reserve Fund, and £1,333,300 in the Budget and Revised Estimates of 1905-1906 on account of the Currency Reserve)	16,500,000	26,700,000	17,800,000
Permanent Debt incurred for the Redemption of Railway Liabilities	2,927,400	12,480,400	...
Permanent Debt incurred (India Stock)	2,000,000	2,000,000	2,000,000
Receipts on account of the Subscribed Capital of Railway Companies	2,674,800	1,149,600	3,618,300
Receipts on account of the Debenture Capital of other Railway Companies (the East Indian and South Indian Railway Companies)	2,111,000	1,488,300	1,850,000
OUTGOINGS.			
Redemption of Railway Liabilities	3,427,400	12,980,900	...
Permanent Debt discharged	250,000	250,100	749,900
Temporary Debt discharged	500,000	500,000	...
Discharge of Railway Companies' Debentures	2,274,800	1,236,700	2,718,300
Discharge of East Indian Railway Company's Debentures	300	300	...

245. The programme herein announced of the probable drawings on India, and of the transactions in connection with the Government Sterling Debt and the borrowings of Railway Companies, represents the present intentions of the Secretary of State. But in view of the varying conditions of Indian finance and of the London money market, no assurance can be given that this programme will be adhered to either in amount or in form. The Secretary of State reserves to himself the right to vary the programme to any extent that may be considered necessary during the course of the year.

INDIA.

246. The following is a summary of the Estimates of Ways and Means in India during 1905-1906 and 1906-1907 :—

	BUDGET ESTIMATE, 1905-1906.		REVISED ESTIMATE, 1905-1906.		BUDGET ESTIMATE, 1906-1907.*	
	Rupee figures.	Equivalent in £ at R 15 = £ 1.	Rupee figures.	Equivalent in £ at R 15 = £ 1.	Rupee figures.	Equivalent in £ at R 15 = £ 1.
RECEIPTS.						
1. Excess of Revenue over Expenditure charged to Revenue . . .	R 30,24,99,000	£ 20,166,600	R 29,74,13,000	£ 19,827,500	R 29,40,81,000	£ 19,605,400
* 2. Capital raised through Companies for outlay on State Railways (net)	3,16,61,000	2,110,700	2,23,20,000	1,488,000	2,77,50,000	1,850,000
3. Capital raised and deposited by Railway Companies	1,52,000	10,100	10,38,000	69,200	5,32,000	35,500
4. Unfunded Debt incurred, mostly Savings Bank deposits (net) . . .	1,26,98,000	846,500	79,86,000	532,400	91,20,000	608,000
5. Appropriation for Reduction or Avoidance of Debt	55,98,000	373,200	73,95,000	493,000	1,98,000	13,200
6. Other Deposits and Remittances (net)	—3,53,000	—23,500	3,14,67,000	2,097,800	—1,44,13,000	—960,900
7. Capital Local Boards (net) . . .	...	...	22,000	1,500	24,000	1,600
8. Remittance account between England and India— (a) Silver remitted from England	60,50,000	403,300	13,10,30,000	8,735,300	1,50,00,000	1,000,000
(b) Transactions of Railway Companies (net) excluding debenture capital . . .	2,47,65,000	1,651,000	2,74,24,000	1,828,300	3,30,90,000	2,206,000
TOTAL RECEIPTS EXCLUDING LOANS	38,30,70,000	25,537,900	52,60,95,000	35,073,000	36,53,82,000	24,358,800
DISBURSEMENTS.						
9. Capital Expenditure not charged to Revenue— (a) State Railways and Irrigation Works	7,98,43,000	5,322,900	10,63,92,000	7,092,800	7,86,18,000	5,241,200
(b) Outlay by Companies (net)	66,86,000	445,700	—2,19,21,000	—1,461,400	—20,70,000	—138,000
10. Permanent Debt discharged . . .	21,50,000	143,300	21,16,000	141,100	12,91,000	86,100
11. Provincial and Local surpluses or deficit added to or deducted from expenditure †	2,05,55,000	1,370,300	—12,06,000	—80,400	1,61,64,000	1,077,600
12. Imperial and Provincial Loans (net)	32,06,000	213,700	16,61,000	110,700	68,51,000	456,700
13. Remittance account between England and India— * (b) Capital raised by Railway Companies (net) . . .	3,16,61,000	2,110,700	2,23,20,000	1,488,000	2,77,50,000	1,850,000
(c) Other transactions (net) . . .	—4,85,000	—32,300	1,80,13,000	1,200,900	2,96,34,000	1,975,600
14. Council Bills ‡	25,20,54,000	16,803,600	40,04,67,000	26,697,800	26,70,57,000	17,803,800
TOTAL DISBURSEMENTS	39,56,70,000	26,377,900	52,78,42,000	35,189,500	42,52,95,000	28,353,000
NET DISBURSEMENTS	1,26,00,000	840,000	17,47,000	116,500	5,99,13,000	3,994,200
FINANCED AS FOLLOWS:						
Permanent Debt incurred	4,00,00,000	2,666,700	4,00,00,000	2,666,700	4,50,00,000	3,000,000
Reduction of + or addition to — Treasury Balances	—2,74,00,000	—1,826,700	—3,82,53,000	—2,550,200	+ 1,49,13,000	+ 994,200
TOTAL	1,26,00,000	840,000	17,47,000	116,500	5,99,13,000	3,994,200
Opening Balance	15,50,00,274	10,333,352	16,12,47,000	10,749,770	19,95,00,000	13,299,970
Closing Balance	18,24,00,274	12,160,052	19,95,00,000	13,299,970	18,45,87,000	12,305,770

* The figures under heads 2 and 13 (b) balance each other.

† Head 11 represents expenditure defrayed by reduction of Provincial and Local balances.

‡ The figures shown under head 14 differ from those given in the Home Treasury Ways and Means statement, as Bills drawn by the Secretary of State towards the end of one year are paid in India in the next. The figures of the present statement represent payments in India.

1905-1906.

Main features of
Budget Estimate.

247. In the Budget Estimate of 1905-1906 it was assumed that the year would open with a cash balance in Indian Treasuries of 15,50 lakhs. It was calculated (1) that the net Revenue receipts would amount to 30,25 lakhs; (2) that the deposits in Savings Banks and Provident Institutions would result in a net receipt of 1,27 lakhs; (3) that the remittances of Railway Companies and on other miscellaneous accounts would yield a net sum of 2,49 lakhs on the receipt side; (4) that a sum of 56 lakhs would be available from the Famine Insurance grant for avoidance of debt, after meeting the expenditure required for Famine Relief and construction of Protective Works; and that 60½ lakhs worth of silver bullion sent from England in March last would be received in the current year. On the other hand, provision was made (1) for a net expenditure from Provincial balances of 2,05½ lakhs; (2) for Capital expenditure in India on Railways and Canals, to the extent of 8,65 lakhs; (3) for discharge of Provincial Debenture loans falling due during the year for 9 lakhs, and for the payment of the annual instalment of 12 lakhs towards liquidation of the Gwalior loan of 1887; (4) for 32 lakhs for loans to Native States, cultivators, municipalities and other local bodies; and (5) for payment of Council Bills to the extent of 25,20 lakhs. The payments mentioned aggregate 36,43½ lakhs, while the receipts amount to 35,17½ lakhs, the net disbursements being thus 1,26 lakhs. A rupee loan of 4 crores was to be raised to meet this deficiency and to strengthen the cash balances.

1905-1906.

Main features of
Revised Estimate.

248. The results according to the Revised Estimate show considerable variations from this forecast. Council Bill payments have exceeded the estimate by 14,84 lakhs; but against this silver to the value of 12,50 lakhs (13,10 lakhs against 60½ lakhs estimated) has been received from England for coinage of rupees, the net excess payment being 14,84—12,50=2,34 lakhs. The net Imperial revenue in India is now estimated at 29,74 lakhs, being 51 lakhs less than the Budget Estimate. Savings Banks deposits are now expected to fall short of the Budget by 47 lakhs, while Capital expenditure in India on Railways and Irrigation works is expected to exceed the estimate by 2,65 lakhs. On the other hand, Provincial balances will be increased by 12 lakhs, instead of being drawn upon to the extent of 2,06 lakhs. The net payments to Railway Companies on account of Capital outlay are 322 lakhs less than the Estimate. The amount available from the Famine Insurance grant for avoidance of debt, after meeting the expenditure for Famine Relief and construction of Protective Works is 18 lakhs more. Loans granted to Native States, municipalities and other local bodies are 15 lakhs less, while deposits and remittance transactions are expected to show an excess receipt of 133 lakhs. The total improvements mentioned above amount to 7,06 lakhs and the increased disbursements to 597 lakhs, the net result being an improvement of 109 lakhs. The cash balances are accordingly expected to be better than on 1st April last by 383 lakhs instead of by 274 lakhs as in the Budget Estimate; adding a betterment of 62 lakhs in the opening balance, the year is expected to close with a cash balance of 19,95 lakhs against 18,24 lakhs taken in the Budget Estimate.

1905-1906.

Council Bills.

249. As mentioned already, the demand for Council Bills in the current year has been exceptionally heavy. In addition to the 40,05 lakhs shown in the table above as paid from treasury balances, 2 crores have been paid from the currency reserve and 5,31 lakhs from the Gold Reserve Fund for investment in England in gold securities. The total payments thus amount to the record figure of 47,36 lakhs.

1905-1906.

Rupee Loan.

250. In accordance with the intention expressed in paragraph 233 of the last Financial Statement, a 3½ per cent loan of 4 crores was announced in July last. Tenders were opened on the 2nd August and the result of the loan was as follows:—

Total amount tendered.	Amount accepted.	Average rate of accepted tenders.	Minimum rate accepted.
₹	₹	₹ a. p.	₹ a. p.
19,26,86,200	4,00,00,000	98 13 10·45	98 12 0

1906-1907.

Main features of
Budget Estimate.

251. In 1906-1907, the net Imperial revenue in India is estimated at 29,41 lakhs. Savings Banks are expected to yield a net receipt of 91 lakhs; but only 2 lakhs are expected to be available from the Famine Insurance grant for avoidance of debt; the transactions with Railway Companies are expected to show a net receipt of 357 lakhs of which 283 lakhs represent fresh capital to be raised by them; and deposits and miscellaneous remittance transactions are expected to show a net receipt of 166 lakhs. On the other hand, provision

has been made (1) for expenditure of 162 lakhs from Provincial balances; (2) for capital expenditure in India on State Railways and Irrigation Works of 786 lakhs; (3) for 13 lakhs for discharge of permanent debt, chiefly the payment of the annual instalment towards repayment of the Gwalior loan; (4) for 68 lakhs for loans to be granted to cultivators, Native States, Municipalities, and District Boards for construction of railways; (5) for a payment of 457 lakhs to the Currency Department as the equivalent of an amount to be transferred by the Secretary of State from his Currency chest to his treasury, of which 150 lakhs is for the purchase of silver to be sent to this country for coinage; and (6) for payment of Council Bills to the extent of 26,70 lakhs. The payments mentioned aggregate 41,56 lakhs while the receipts come to 35,57 lakhs, the net disbursements being 599 lakhs.

252. It is proposed to meet $4\frac{1}{2}$ crores out of the net disbursement of 599 lakhs by raising a new rupee loan for that amount in 1906-1907, the remaining 149 lakhs being met by drawing upon the cash balances. The year is thus expected to close with a cash balance of 18,46 lakhs. The announcement now made regarding the rupee loan is in accordance with present intention; but full liberty is reserved, as usual, to vary the programme now announced to any extent that may be considered desirable.

253. The following table gives details of the transactions of Savings Banks and Provident Funds during a series of years, and the estimated transactions for 1905-1906 and 1906-1907:—

YEAR.	Net additions to deposits, cash.	Interest.	Total addition.
	₹	₹	₹
1892-1893	54,89,000	33,94,000	88,83,000
1893-1894	17,99,000	36,80,000	54,79,000
1894-1895	—8,45,000	29,70,000	21,25,000
1895-1896	24,77,000	33,85,000	58,62,000
1896-1897	—58,11,000	34,66,000	—23,45,000
1897-1898	—65,71,000	32,70,000	—33,01,000
1898-1899	—8,84,000	32,29,000	23,45,000
1899-1900	1,40,000	33,48,000	34,88,000
1900-1901	19,44,000	34,80,000	54,24,000
1901-1902	31,04,000	36,87,000	67,91,000
1902-1903	52,40,000	39,00,000	91,40,000
1903-1904	66,99,000	42,15,000	1,09,14,000
1904-1905	78,94,000	45,87,000	1,24,81,000
1905-1906 (Budget)	70,73,000	48,97,000	1,19,70,000
1905-1906 (Revised)	23,87,000	47,82,000	71,69,000
1906-1907 (Budget)	32,77,000	49,62,000	82,39,000

A net deposit in the Post Office Savings Banks of $70\frac{3}{4}$ lakhs apart from interest was assumed in the Budget Estimate of the current year. The transactions of the first ten months of the year have resulted in a net increase in the deposits of only 22 lakhs, probably owing, as stated in paragraph 188, to the immediate effect of an alteration in the rates of interest. There is, however, some indication that the withdrawals in the closing months of the year are not likely to be as heavy as in 1904-1905 and it is now expected that, apart from interest, there will be a net increase in the deposits of about $23\frac{3}{4}$ lakhs during the year 1905-1906.

In the Budget Estimate for 1906-1907, a net deposit of $32\frac{3}{4}$ lakhs, apart from interest is anticipated.

Section VIII.—Summary.

254. The principal features in this statement are the following :—

I.—The Accounts of 1904-1905 closed with a surplus of £3,456,066, being £29,434 less than the surplus expected in the Revised Estimate of that year.

II.—1905-1906—

- (1) The Revised Estimates show a total revenue of £84,829,500, a total expenditure charged to Revenue of £83,073,800, and a surplus of £1,755,700. This surplus is higher than that estimated in March 1905 by £851,900.
- (2) There has again been a large development of revenue in all branches outside Land, Customs and Irrigation Revenue, net earnings of Railways showing the largest increase.
Railway traffic receipts have expanded largely, and the net receipts have exceeded the estimate by £413,600.
Excise has yielded an increase of £210,400 and Forest of £188,200.
Interest receipts show an improvement of £139,700 and Mint of £199,800 owing to exceptionally heavy coinage of rupees.
Land Revenue receipts, including the portion credited to Irrigation, are expected to fall short of the estimate by £443,900, chiefly in Bombay, Madras, Punjab and the United Provinces owing to partial failure of rains.
Irrigation Direct Receipts are also less by £101,400.
- (3) Army expenditure is expected to be less than the estimate by £842,000: Special Expenditure is less by £884,400, while ordinary Expenditure is more by £42,400. This is only nominal, being more than covered by increase in receipts amounting to £150,300. Military Works Expenditure is also less by £71,200, chiefly in special expenditure connected with the reorganization of the Army. The grant of £253,200 for Special Defences has been used only to the extent of £192,000.
Owing mainly to the inability of the Local Governments to expend their full allotments, there are savings under most of the chief administrative heads, the more important being Civil Departments other than Political, £509,900, and Civil Works £178,500.
Political Expenditure is more by £272,300, chiefly in consequence of payment of Amir's subsidy.
Famine relief expenditure is £75,200 less than the estimate. There is a saving on the provision in Madras and Bombay, but it has been partially counterbalanced by expenditure in Ajmer and the United Provinces.
- (4) Special grants, aggregating £400,000, have been made to the Governments of the Central Provinces and Eastern Bengal and Assam to start their new settlements.
- (5) A loan of four crores of rupees was raised in India; and India 3 per cent stock of £2,000,000 was raised in England, of which £250,000 was applied to the discharge of Great Indian Peninsula Railway Debentures. £500,000 being the residue of India Bills, temporary, fell due, and were discharged.
- (6) Fresh capital was raised through Railway Companies to the extent of £1,470,100 as compared with £2,520,800 entered in the Budget.
- (7) The drawings of Councils in 1905-1906 are expected to amount to £31,576,300. Of this £3,543,000 represent remittances on account of the Gold Reserve Fund, and £1,333,300 on account of the Currency Reserve invested in sterling securities and

£26,700,000 are remittances on ordinary account, as compared with £16,500,000 entered in the Budget.

- (8) Out of the additional Council Bills sold during the year, silver to the value of £7,924,000 has been purchased and sent to India for coinage. Silver to the value of £400,000 has also been purchased from gold remitted from India in March last and a further quantity worth £250,000 will be purchased for the same purpose from the Currency reserve before the close of the current year.

- (9) The Gold Reserve Fund on 31st March 1906 stands at £12,262,700.

III.—1906-1907:

- (1) The Budget Estimates of 1906-1907 show a total revenue of £86,495,100, a total expenditure charged to revenue of £85,621,000 and a surplus of £874,100.
- (2) This surplus is obtained after providing for the following measures of fiscal relief and administrative improvement:—
- (a) Repeal of the Patwari cess in Northern India and the Central Provinces, of the Ryotwari Village Service cess in Madras, and of the Village Service cess in Coorg; cost, £524,300.
 - (b) Abolition of Zamindari Dâk cess in Bengal and Eastern Bengal; cost £23,600.
 - (c) Relief of District Boards in Northern India, Central Provinces, Coorg and Burma of contributions they have hitherto paid towards District Post charges; cost, including relief of United Provinces District Boards of some small school and other charges, £38,800.
 - (d) Further grant of £166,700 for police reform.
 - (e) Additional grant of £26,700 for agricultural and veterinary improvement and of £33,300 for European and technical education.

The total cost of these measures is estimated at £813,400. Under existing conditions the surplus would therefore have been £1,687,500.

- (3) Of the increase in receipts compared with current year's Budget £2,298,200 are due to Railways. There is a counterbalancing increase of £1,633,100 under Railway charges, thus affording a net additional gain of £665,100.
- (4) Other important variations in revenue are increases of £331,700 under Land Revenue including portion due to Irrigation, £140,000 Salt, £163,400 Stamps, £374,200 Excise, £118,800 Post Office, £148,500 Major Irrigation Works Direct receipts, and £100,200 Customs.
- (5) There are decreases of £646,600 under Opium, owing mainly to the price of Bengal opium being now taken at R1,125 per chest, and of £516,800 under Provincial Rates owing to the remission of cesses above mentioned.
- (6) The total Military expenditure, including Army, Military Works, Marine and Special Defences, is £21,841,600—£390,900 less than in the current year's Budget. Including Military receipts the net outlay is less by £521,100. The allotment for Re-organisation and other special expenditure included in the above is £2,766,600 against £3,266,600 provided this year.
- (7) Civil administration heads show general increase, the most important being £206,900 under Police, due to carrying out of reforms; £283,700 Political (payments to Amir); and £327,400 Famine Relief. Total Famine Relief Expenditure is £539,100.
- (8) A *quasi*-permanent settlement has been made with the Central Provinces and Berar, and the settlements previously made with Bengal and Assam are now revised with reference to re-constitution of province. Generally speaking, these provinces get one-half share of divisible revenues, and Central Provinces and Eastern Bengal obtain, as above mentioned, initial grants of £200,000 each.

- (9) Subject to the usual reservations, loans of £2 millions in England and of 4½ crores in India are announced. The sterling loan is required to discharge £749,900 Bombay, Baroda and Central India debentures and for advances to Indian Railway companies. The rupee loan is for capital expenditure on Railways and Irrigation.
- (10) Subject to the usual reservations, provision is also made for the raising of capital through railway companies as follows :—namely, (a) for outlay on State Railways £1,850,000 and (b) for expenditure on Companys' Railways £935,500.
- (11) Drawings of Council Bills are entered at £17,800,000.

IV.—Capital Expenditure.

The following table shows the capital expenditure on Railways and Irrigation Works :—

	Accounts, 1904-1905.	Revised Estimate, 1905-1906.	Budget Estimate, 1906-1907.
	₹	₹	₹
RAILWAYS			
Included in the Government			
“Capital” programme . . .	10,78,29,369	12,50,00,000	15,00,00,000
Famine Protective lines . . .	17,37,184	8,69,000	1,01,000
Branch lines not on firm guarantee . . .	87,865	10,55,000	5,11,000
Railways outside the Government accounts . . .	69,22,000	80,68,000	53,95,000
Provincial and Local State lines . . .	93,754	97,000	73,000
TOTAL RAILWAYS . . .	11,66,70,172	13,50,89,000	15,60,80,000
IRRIGATION WORKS . . .	54,17,580	81,18,000	1,25,00,000
TOTAL RAILWAYS AND IRRIGATION WORKS, IN RUPEES . . .	12,20,87,752	14,32,07,000	16,85,80,000
Converted into sterling at R15 =			
£1	8,139,183	9,547,100	11,238,700

March 21, 1906.

W. S. MEYER.

APPENDIX I.

ACCOUNTS AND ESTIMATES.

Accounts	1904-1905
Revised Estimates	1905-1906
Budget Estimates	1906-1907

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I.—General Statement of the Revenue and Expenditure charged to

	For details, vide State- ment.	Accounts, 1904-1905.	Budget Estimate, 1905-1906.	Revised Estimate, 1905-1906.	Budget Estimate, 1906-1907.
Revenue—					
Principal Heads of Revenue—					
		£	£	£	£
Land Revenue	A	18,953,997	19,468,700	19,028,700	19,764,200
Opium	"	6,621,499	5,477,700	5,490,500	4,831,100
Salt	"	5,354,768	4,260,000	4,336,700	4,400,000
Stamps	"	3,738,362	3,807,300	3,867,700	3,970,700
Excise	"	5,353,424	5,443,100	5,653,500	5,817,300
Customs	"	4,361,771	4,364,000	4,324,900	4,464,200
Other Heads	"	6,668,814	6,625,100	6,822,500	6,358,200
TOTAL PRINCIPAL HEADS	...	50,452,635	49,445,900	49,524,500	49,605,700
Interest					
Interest	A	849,579	805,400	945,100	853,000
Post Office	"	1,575,980	1,608,300	1,658,700	1,727,100
Telegraph	"	897,923	909,100	913,700	938,100
Mint	"	206,410	105,500	305,300	201,900
Receipts by Civil Departments	"	1,547,333	1,508,800	1,533,900	1,533,900
Miscellaneous	"	690,126	707,200	735,000	650,700
Railways	"	24,022,465	23,856,400	24,658,200	26,154,600
Irrigation	"	3,071,036	3,055,300	2,952,500	3,250,000
Other Public Works	"	538,553	503,500	524,700	515,600
Receipts by Military Department	"	960,931	927,600	1,077,900	1,064,500
TOTAL REVENUE	...	84,812,971	83,433,000	84,829,500	86,495,100

L. E. PRITCHARD,
Deputy Comptroller General.

FORT WILLIAM,
FINANCE DEPARTMENT;
March 21, 1906.

Revenue of the Government of India, in India and in England.

	For details, <i>vide</i> State- ment.	Accounts, 1904-1905.	Budget Estimate, 1905-1906.	Revised Estimate, 1905-1906.	Budget Estimate, 1906-1907.
Expenditure—		£	£	£	£
Direct Demands on the Revenues	B	8,569,136	8,756,800	8,769,900	9,057,200
Interest	”	1,646,945	1,364,900	1,417,800	1,278,800
Post Office	”	1,519,813	1,543,500	1,558,200	1,600,900
Telegraph	”	902,268	1,034,400	1,068,200	1,155,000
Mint	”	117,877	123,300	120,700	139,300
Salaries and Expenses of Civil Departments	”	12,399,763	13,380,300	13,142,700	14,283,300
Miscellaneous Civil Charges	”	4,264,790	4,275,600	4,299,600	4,323,500
Famine Relief and Insurance	”	1,000,000	1,000,000	1,000,000	1,000,000
Railway Revenue Account	”	21,917,027	22,292,200	22,632,700	23,925,300
Irrigation	”	2,786,353	2,893,400	2,908,600	2,992,900
Other Public Works	”	5,766,144	6,699,600	6,442,700	6,864,200
Army Services	”	20,175,694	20,282,300	19,440,300	19,846,700
Special Defences (1902)	”	128,295	253,200	192,000	231,500
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	...	81,194,105	83,899,500	82,993,400	86,698,600
Add—Provincial Surpluses: that is, portion of Allotments to Provincial Governments not spent by them in the year.	End of B	608,724	2,500	572,700	30,200
Deduct—Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.	”	445,924	1,372,800	492,300	1,107,800
TOTAL EXPENDITURE CHARGED TO REVENUE	...	81,356,905	82,529,200	83,073,800	85,621,000
SURPLUS	...	3,456,066	903,800	1,755,700	874,100
TOTAL	...	84,812,971	83,433,000	84,829,500	86,495,100

A. F. COX,
Comptroller General.

W. S. MEYER,
Secretary to the Government of India.

II.—General Statement of the Receipts and Disbursements of the

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1904-1905.	Budget Estimate, 1905-1906.	Revised Estimate, 1905-1906.	Budget Estimate, 1906-1907.
		£	£	£	£
Surplus	C	3,456,066	903,800	1,755,700	874,100
Railway and Irrigation Capital not charged to Revenue—					
Capital raised through Companies towards Outlay on State Railways (net)	C	963,636	2,110,700	1,488,000	1,850,000
Capital raised and deposited by Railway Companies (net)	"	1,448,684	410,100	—17,900	935,500
Debt, Deposits, and Advances—					
Permanent Debt (net Incurred)	C	3,413,480	7,200,800	16,755,900	4,164,000
Unfunded Debt (net Incurred)	"	879,611	846,500	532,400	608,000
Deposits and Advances (net)	"	1,087,936	...	1,009,800	...
Loans and Advances by Imperial Government (net Repayments)	"	112,637	3,500	245,600	56,200
Loans and Advances by Provincial Governments (net Repayments)	"	108,716	...	...	...
Capital Account of Local Boards	"	1,468	...	1,500	1,600
Remittances (net)	"	...	328,300	1,455,700	...
Secretary of State's Bills drawn	"	23,725,162	16,500,000	26,700,000	17,800,000
TOTAL RECEIPTS	...	35,197,396	28,303,700	49,926,700	26,289,400
Opening Balance—India	...	11,869,552	10,333,352	10,749,770	13,299,970
England	...	7,294,782	10,338,282	10,262,581	8,144,581
TOTAL	...	54,361,730	48,975,334	70,939,051	47,733,951

FORT WILLIAM,
FINANCE DEPARTMENT;
March 21, 1906.

L. E. PRITCHARD,
Deputy Comptroller General.

Government of India, in India and in England.

	For details, <i>vide</i> Statement.	DISBURSEMENTS.			
		Accounts, 1904-1905.	Budget Estimate, 1905-1906.	Revised Estimate, 1905-1906.	Budget Estimate, 1906-1907.
		£	£	£	£
Railway and Irrigation Capital not charged to Revenue—					
Outlay on Irrigation Works	C	361,172	833,400	541,200	833,300
Outlay on State Railways	"	5,897,023	6,852,000	8,640,500	7,997,900
Outlay of Railway Companies (net)	"	1,337,691	1,588,500	—222,200	2,032,900
Capital raised and deposited by Railway Companies— (Net payments for discharge of debentures)	"	...	...	...	...
Capital involved in Redemption of Railway Liabilities	"	...	3,427,400	12,980,900	...
TOTAL CAPITAL ACCOUNT DISBURSEMENTS	...	7,595,886	12,711,100	21,940,400	10,864,100
Debt, Deposits, and Advances—					
Temporary Debt (net Discharged)	C	1,833,333	500,000	500,000	...
Deposits and Advances (net)	"	...	1,009,900	...	970,300
Loans and Advances by Imperial Government (net Advances)	"	...	...	...	...
Loans and Advances by Provincial Governments (net Advances)	"	...	217,200	356,300	512,900
Remittances (net)	"	470,527	...	...	58,100
Secretary of State's Bills paid	"	23,449,633	16,803,600	26,697,800	17,803,800
TOTAL DISBURSEMENTS	...	33,349,379	31,241,800	49,494,500	30,209,200
Closing Balance—India	...	10,749,770	12,160,052	13,299,970	12,305,770
England	...	10,262,581	5,573,482	8,144,581	5,218,981
TOTAL	...	54,361,730	48,975,334	70,939,051	47,733,951

A. F. COX,
Comptroller General.

W. S. MEYER,
Secretary to the Government of India.

A.—Statement of the Revenue of

HEADS OF REVENUE.	ACCOUNTS, 1904-1905.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs 15 = £1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
	₹	₹	£	£	£	₹	₹
Principal Heads of Revenue—							
I.—Land Revenue	13,81,59,554	14,61,50,400	18,953,997	...	18,953,997	12,44,33,000	16,09,98,000
II.—Opium	9,03,22,491	...	6,021,499	...	6,021,499	8,23,57,000	...
III.—Salt	7,93,74,293	9,47,227	5,354,768	...	5,354,768	6,41,80,000	8,70,000
IV.—Stamps	2,50,20,524	3,10,54,912	3,738,362	...	3,738,362	2,85,24,000	2,94,92,000
V.—Excise	5,66,74,723	2,36,26,645	5,353,424	...	5,353,424	5,54,45,000	2,93,57,000
VI.—Provincial Rates	48,031	4,23,19,188	2,824,481	...	2,824,481	2,000	4,16,17,000
VII.—Customs	6,52,26,475	2,00,087	4,361,771	...	4,361,771	6,47,74,000	99,000
VIII.—Assessed Taxes	1,32,40,904	58,06,128	1,269,802	...	1,269,802	1,36,09,000	60,24,000
IX.—Forest	1,44,19,821	96,10,129	1,601,997	...	1,601,997	1,58,60,000	1,09,88,000
X.—Registration	10,78,030	40,02,315	338,690	...	338,690	7,33,000	45,77,000
XI.—Tributes from Native States	95,07,654	...	633,844	...	633,844	89,09,000	...
TOTAL	49,30,72,500	26,37,17,031	50,452,635	...	50,452,635	45,88,26,000	28,40,22,000
XII.—Interest	83,75,927	19,60,687	689,108	160,471	849,579	87,14,000	19,15,000
XIII.—Post Office	2,35,86,151	53,555	1,575,980	...	1,575,980	2,48,50,000	30,000
XIV.—Telegraph	1,34,06,813	...	893,788	4,135	897,923	1,36,00,000	...
XV.—Mint	30,95,454	...	206,364	46	206,410	45,79,000	...
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	2,91,345	35,23,039	254,292	...	254,292	4,97,000	35,94,000
XVI.—Law and Justice { Jails	3,52,389	33,28,683	245,405	...	245,405	3,54,000	35,44,000
XVII.—Police	2,28,843	46,97,050	328,393	...	328,393	2,15,000	45,68,000
XVIII.—Marine	29,71,195	21,28,796	339,999	4,000	343,999	18,00,000	23,15,000
XIX.—Education	61,725	28,53,992	194,381	...	194,381	64,000	31,11,000
XX.—Medical	6,080	12,20,598	81,779	1,105	82,884	6,000	14,96,000
XXI.—Scientific and other Minor Departments	1,68,221	12,92,208	97,362	617	97,979	1,55,000	12,63,000
TOTAL	40,79,798	1,90,44,366	1,541,611	5,722	1,547,333	30,91,000	1,98,91,000
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc	13,13,900	4,54,579	117,925	73,048	190,973	13,52,000	4,90,000
XXIII.—Stationery and Printing	4,19,119	6,57,557	71,778	...	71,778	3,99,000	6,71,000
XXIV.—Exchange	14,10,977	...	94,065	...	94,065	13,76,000	...
XXV.—Miscellaneous	9,57,689	40,03,196	330,726	2,584	333,310	10,91,000	38,76,000
TOTAL	41,01,685	51,15,732	614,494	75,632	690,126	42,18,000	50,37,000
Railways—							
XXVI.—State Railways (Gross Receipts)	34,28,78,650	6,22,955	22,900,107	230	22,900,337	35,48,35,000	6,80,000
XXVII.—Guaranteed Companies (Net Traffic Receipts)	1,61,22,208	...	1,074,814	...	1,074,814	1,36,90,000	...
XXVIII.—Subsidised Companies (Government share of surplus profits and Repayment of Advances of Interest)	5,66,840	...	37,789	9,525	47,314	3,96,000	...
TOTAL	35,95,67,698	6,22,955	24,012,710	9,755	24,022,465	36,89,21,000	6,80,000
Irrigation—							
XXIX.—Major Works: Direct Receipts	1,94,47,520	1,04,67,451	1,994,331	...	1,994,331	1,22,21,000	1,58,43,000
Portion of Land Revenue due to Irrigation	1,33,98,743	...	893,250	...	893,250	1,36,80,000	...
XXX.—Minor Works and Navigation	11,91,068	15,60,751	183,455	...	183,455	9,75,000	15,69,000
TOTAL	3,40,37,331	1,20,28,202	3,071,036	...	3,071,036	2,68,76,000	1,74,12,000
Other Public Works—							
XXXI.—Military Works	6,81,931	...	45,462	...	45,462	7,02,000	...
XXXII.—Civil Works	2,87,877	67,15,060	466,802	26,229	493,091	3,34,000	65,68,000
TOTAL	9,69,808	67,15,060	512,324	26,229	538,553	10,36,000	65,68,000
Receipts by Military Department—							
XXXIII.—Army Effective	77,55,953	...	517,063	327,327	844,390	95,29,000	...
Non-Effective	13,46,318	...	89,755	26,786	116,541	13,74,000	...
TOTAL	91,02,271	...	606,818	354,113	960,931	1,09,03,000	...
TOTAL REVENUE	95,33,95,436	30,92,57,588	84,176,868	636,103	84,812,971	92,56,14,000	33,55,55,000

India, in India and in England.

ESTIMATE, 1905-1906.				BUDGET ESTIMATE, 1906-1907.					Increase + Decrease — of Budget, 1906-1907, as compared with Budget Estimate, 1905-1906.	
Total India (converted into £ at Rs 15 = £1).	England.	TOTAL.	Increase + Decrease — of Revised, as compared with Budget Estimate, 1905-1906.	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs 15 = £1).	England.	TOTAL.	Increase + Decrease — of Budget, 1906-1907, as compared with Budget Estimate, 1905-1906.	Increase + Decrease — of Budget, 1906-1907, as compared with Revised Estimate, 1905-1906.
				Imperial.	Provincial and Local.					
£	£	£	£	₹	₹	£	£	£	£	£
19,028,700	...	19,028,700	—440,000	12,59,94,000	17,04,68,000	19,764,200	...	19,764,200	+ 295,500	+ 735,500
5,490,500	...	5,490,500	+ 12,800	7,24,66,000	...	4,831,100	...	4,831,100	—646,600	—659,400
4,336,700	...	4,336,700	+ 76,700	6,51,00,000	9,00,000	4,400,000	...	4,400,000	+ 140,000	+ 63,300
3,867,700	...	3,867,700	+ 60,400	2,91,76,000	3,03,84,000	3,970,700	...	3,970,700	+ 163,400	+ 103,000
5,653,500	...	5,653,500	+ 210,400	5,31,50,000	3,41,10,000	5,817,300	...	5,817,300	+ 374,200	+ 163,800
2,774,600	...	2,774,600	—3,500	3,000	3,39,17,000	2,261,300	...	2,261,300	—516,800	—513,300
4,324,900	...	4,324,900	—39,100	6,68,64,000	99,000	4,464,200	...	4,464,200	+ 100,200	+ 139,300
1,308,800	...	1,308,800	+ 27,900	1,24,69,000	76,79,000	1,343,200	...	1,343,200	+ 62,300	+ 34,400
1,789,900	1,300	1,791,200	+ 188,200	1,52,66,000	1,15,45,000	1,787,400	2,500	1,789,900	+ 186,500	—1,300
354,000	...	354,000	+ 11,300	5,35,000	47,85,000	354,700	...	354,700	+ 12,000	+ 700
593,900	...	593,900	—26,500	91,37,000	...	609,100	...	609,100	—11,300	+ 15,200
49,523,200	1,	49,524,500	+ 78,600	45,01,60,000	29,33,87,000	49,603,200	2,500	49,605,700	+ 159,800	+ 81,200
708,600	236,500	945,100	+ 139,700	57,76,000	23,81,000	743,800	109,200	853,000	+ 47,600	—92,100
1,658,700	...	1,658,700	+ 50,400	2,59,00,000	6,000	1,727,100	...	1,727,100	+ 118,800	+ 68,400
906,600	7,100	913,700	+ 4,600	1,40,00,000	...	933,300	4,800	938,100	+ 29,000	+ 24,400
305,300	...	305,300	+ 199,800	30,29,000	...	201,900	...	201,900	+ 90,400	—103,400
272,700	...	272,700	+ 8,600	2,88,000	37,10,000	266,500	...	266,500	+ 2,400	—6,200
259,900	...	259,900	+ 14,700	3,20,000	36,00,000	261,300	...	261,300	+ 16,100	+ 1,400
318,900	...	318,900	—5,400	1,37,000	45,17,000	310,300	...	310,300	—14,000	—8,600
274,300	...	274,300	—5,900	21,45,000	23,28,000	298,200	...	298,200	+ 18,000	+ 23,900
211,700	...	211,700	+ 5,700	24,000	32,74,000	219,900	...	219,900	+ 13,900	+ 8,200
100,100	1,200	101,300	+ 7,100	5,000	12,12,000	81,100	1,000	82,100	—12,100	—19,200
94,500	600	95,100	+ 300	1,35,000	12,91,000	95,100	500	95,600	+ 800	+ 500
1,532,100	1,800	1,533,900	+ 25,100	30,54,000	1,99,32,000	1,532,400	1,500	1,533,900	+ 25,100	...
122,800	70,800	193,600	+ 2,400	13,68,000	5,08,000	125,100	68,300	193,400	+ 2,200	—200
71,300	...	71,300	+ 2,700	4,12,000	6,67,000	71,900	...	71,900	+ 3,300	+ 600
91,700	...	91,700	+ 37,000	6,00,000	...	40,000	...	40,000	—14,700	—51,700
331,200	47,200	378,400	—14,300	8,47,000	41,29,000	331,700	13,700	345,400	—47,300	—33,000
617,000	118,000	735,000	+ 27,800	32,27,000	53,04,000	568,700	82,000	650,700	—56,500	—84,300
23,701,000	200	23,701,200	+ 794,300	38,45,24,000	7,02,000	25,681,700	200	25,681,900	+ 2,775,000	+ 1,980,700
912,700	...	912,700	+ 12,700	62,65,000	...	417,700	...	417,700	—482,300	—495,000
26,400	17,900	44,300	—5,200	5,10,000	...	34,000	21,000	55,000	+ 5,500	+ 10,700
1,640,100	18,100	24,638,200	+ 801,800	39,12,99,000	7,02,000	20,133,400	21,200	26,154,000	+ 2,298,200	+ 1,496,400
1,870,900	...	1,870,900	—101,400	1,33,95,000	1,84,17,000	2,120,800	...	2,120,800	+ 148,500	+ 249,900
912,000	...	912,000	—3,900	1,42,82,000	...	952,100	...	952,100	+ 36,200	+ 40,100
169,600	...	169,600	+ 2,500	10,30,000	16,26,000	177,100	...	177,100	+ 10,000	+ 7,500
2,952,500	...	2,952,500	—102,800	2,27,07,000	2,00,43,000	3,250,000	...	3,250,000	+ 194,700	+ 297,500
46,800	...	46,800	+ 1,700	7,10,000	...	47,300	...	47,300	+ 2,200	+ 500
460,100	17,800	477,900	+ 19,500	3,16,000	66,09,000	461,700	6,600	468,300	+ 9,900	—9,600
506,900	17,800	524,700	+ 21,200	10,26,000	60,09,000	509,000	6,600	515,600	+ 12,100	—9,100
635,300	313,000	948,300	+ 138,800	1,00,33,000	...	668,900	273,300	942,200	+ 132,700	—6,100
91,600	38,000	129,600	+ 11,500	13,85,000	...	92,300	30,000	122,300	+ 4,200	—7,300
726,900	351,000	1,077,900	+ 150,300	1,14,18,000	...	761,200	303,300	1,064,500	+ 136,900	—13,400
84,077,900	751,600	84,829,500	+ 1,396,500	94,05,96,000	34,88,64,000	85,964,000	531,100	86,495,100	+ 3,062,100	+ 1,665,600

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1904-1905.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs=£1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
Direct Demands on the Revenues—	₹	₹	£	£	£	₹	₹
1.—Refunds and Drawbacks	26,08,075	7,59,284	224,490	...	224,490	25,04,000	8,79,000
2.—Assignments and Compensations	78,12,524	98,57,756	1,178,019	...	1,178,019	87,58,000	91,52,000
Charges in respect of Collection, <i>vis.</i> —							
3.—Land Revenue	64,62,825	4,15,79,462	3,202,819	875	3,203,694	68,77,000	4,29,12,000
4.—Opium (including cost of Production)	2,94,71,634	...	1,964,775	2,310	1,967,085	2,84,19,000	...
5.—Salt (including cost of Production)	51,50,891	11,863	344,184	918	345,102	55,30,000	15,000
6.—Stamps	1,20,912	11,14,006	82,328	38,763	121,091	2,60,000	10,07,000
7.—Excise	24,83,418	11,38,685	241,473	841	242,314	25,30,00	13,46,000
8.—Provincial Rates	...	5,49,613	36,641	...	36,641	...	5,74,000
9.—Customs	22,88,667	3,94,798	178,898	348	179,246	23,37,000	4,00,000
10.—Assessed Taxes	2,04,979	1,16,274	21,417	...	21,417	2,24,000	1,15,000
11.—Forest	79,84,821	49,83,035	864,524	4,614	869,138	86,80,000	54,95,000
12.—Registration	4,98,357	22,15,129	180,899	...	180,899	3,25,000	24,75,000
TOTAL	6,50,87,103	6,27,19,910	8,520,467	48,659	8,569,136	6,64,44,000	6,43,70,000
Interest—							
13.—Interest on Debt	3,53,68,100	74,85,960	2,856,937	4,423,911	7,280,848	3,36,23,000	1,00,83,000
Deduct—Amounts chargeable to Railways	5,52,17,951	61,510	3,685,298	1,378,746	5,064,044	5,84,74,000	48,000
" Amounts chargeable to Irrigation	94,49,130	57,79,233	1,015,224	...	1,015,224	73,07,000	82,97,000
Remainder chargeable on Ordinary Debt	—2,92,98,981	16,45,211	—1,843,585	3,045,165	1,201,580	—3,21,58,000	17,38,000
14.—Interest on other obligations	66,53,390	27,084	445,365	...	445,365	69,16,000	22,000
TOTAL	—2,26,45,591	16,72,295	—1,398,220	3,045,165	1,646,945	—2,52,42,000	17,60,000
15.—Post Office	1,92,16,411	12,85,272	1,366,779	153,034	1,519,813	2,05,67,000	10,00,000
16.—Telegraph	1,06,42,134	...	709,476	192,792	902,268	1,11,05,000	...
17.—Mint	15,52,767	...	103,518	14,359	117,877	16,18,000	...
Salaries and Expenses of Civil Departments							
18.—General Administration	77,67,698	1,02,80,299	1,203,200	272,236	1,475,436	81,89,000	1,11,83,000
19.—Law and Justice { Courts	12,02,911	3,39,63,636	2,337,770	480	2,338,250	12,04,000	3,48,12,000
Jails	19,30,680	86,67,278	706,530	19	706,549	20,27,000	96,24,000
20.—Police	23,88,026	4,49,84,871	3,158,193	622	3,158,815	24,81,000	4,77,77,000
21.—Marine (including River Navigation)	44,54,207	30,92,795	503,134	292,519	795,653	40,06,000	23,13,000
22.—Education	5,14,413	2,16,04,263	1,474,578	5,064	1,479,642	5,41,000	2,33,06,000
23.—Ecclesiastical	18,09,727	...	120,649	390	121,039	18,16,000	...
24.—Medical	6,60,843	1,41,98,818	990,644	6,196	996,840	6,91,000	1,47,68,000
25.—Political	1,11,84,070	6,09,611	786,245	4,094	790,339	1,33,88,000	6,63,000
26.—Scientific and other Minor Departments	41,96,279	33,38,352	502,309	34,891	537,200	48,46,000	42,65,000
TOTAL	3,61,08,854	14,06,39,923	11,783,252	616,511	12,399,763	3,91,89,000	14,87,11,600
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	35,65,635	...	237,709	10,672	248,381	35,19,000	...
28.—Civil Furlough and Absentee Allowance	778	...	52	218,692	218,744	4,000	...
29.—Superannuation Allowance and Pensions	12,43,461	1,21,19,946	890,894	2,019,439	2,910,333	12,88,000	1,25,47,000
30.—Stationery and Printing	11,70,066	59,12,053	472,141	102,802	574,943	13,01,000	58,93,000
32.—Miscellaneous	8,34,724	28,61,325	246,403	65,986	312,389	14,46,000	28,79,000
TOTAL	68,14,664	2,08,93,324	1,847,199	2,417,591	4,264,790	75,58,000	2,13,19,000
Famine Relief and Insurance—							
33.—Famine Relief	136	31,029	2,078	...	2,078	7,92,000	12,55,000
34.—Construction of Protective Railways	14,56,817	...	97,121	18,691	115,812	7,4,000	...
35.—Construction of Protective Irrigation Works	32,25,200	...	215,013	...	215,013	46,4,000	...
—Reduction or Avoidance of Debt	1,00,06,451	...	667,097	...	667,097	73,95,000	...
TOTAL	1,46,88,604	31,029	981,309	18,691	1,000,000	1,35,70,000	12,55,000
Carried over	13,14,64,946	22,72,41,753	23,913,780	6,506,812	30,420,592	13,48,09,000	23,84,15,000

	ACCOUNTS, 1904-1905.				REVISED ESTIMATE, 1905-1905.			
	INDIA.		England.	TOTAL.	INDIA.		England.	TOTAL.
	Amount in Rupees.	Equivalent in £ at Rs=£1.			Amount in Rupees.	Equivalent in £ at Rs=£1.		
†Included under the following heads:—								
State Railways Interest on Debt	5,20,02,868	3,406,858	1,141,439	4,608,297	5,50,17,000	3,667,800	1,170,500	4,938,300
Ditto Interest chargeable against Companies on Advances	32,76,599	218,440	237,307	455,747	35,05,000	233,700	205,700	499,400
TOTAL	5,52,79,467	3,685,298	1,378,746	5,064,044	5,85,22,000	3,901,500	1,436,200	5,337,700

Revenues of India, in India and in England.

ESTIMATE, 1905-1906.				BUDGET ESTIMATE, 1906-1907.					Increase + Decrease — of Budget, 1906-1907, as compared with Budget Estimate, 1905-1906.	Increase + Decrease — of Budget, 1906-1907, as compared with Revised Estimate, 1905-1906.
Total India (converted into £ at Rs15=£1).	England.	TOTAL.	Increase + Decrease — compared with Budget Estimate, 1905-1906.	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs15=£1).	England.	TOTAL.		
£	£	£	£	Imperial.	Provincial and Local.	£	£	£	£	£
225,500	...	225,500	+ 6,400	24,29,000	8,45,000	218,300	...	218,300	- 800	- 7,200
1,194,000	...	1,194,000	+ 3,400	85,37,000	92,33,000	1,184,700	...	1,184,700	- 5,900	- 9,300
3,319,300	1,900	3,321,200	- 56,800	71,11,000	4,49,64,000	3,471,700	1,300	3,473,000	+ 95,000	+ 151,800
1,894,600	1,800	1,896,400	+ 59,000	2,80,44,000	...	1,869,600	1,700	1,871,300	+ 33,900	- 25,100
369,700	300	370,000	- 3,300	55,69,000	15,000	372,300	200	372,500	- 800	+ 2,500
84,500	40,100	124,600	- 100	2,32,000	10,23,000	83,700	124,000	207,700	+ 83,000	+ 83,100
258,400	100	258,500	- 10,100	27,14,000	16,57,000	291,400	100	291,500	+ 22,900	+ 33,000
38,300	...	38,300	- 800	...	6,02,000	40,100	...	40,100	+ 1,000	+ 1,800
182,400	300	182,700	- 6,200	24,34,000	4,36,000	191,300	200	191,500	+ 2,600	+ 8,800
22,600	...	22,600	+ 100	1,85,000	1,64,000	23,200	...	23,200	+ 700	+ 600
945,000	4,400	949,400	+ 22,900	87,16,000	59,56,000	978,100	7,400	985,500	+ 59,000	+ 36,100
186,700	...	186,700	- 1,400	2,26,000	27,43,000	197,900	...	197,900	+ 9,800	+ 11,200
8,721,000	48,900	8,769,900	+ 13,100	6,61,97,000	6,76,38,000	8,922,300	134,900	9,057,200	+ 300,400	+ 287,300
2,913,800	4,419,500	7,333,300	+ 40,900	3,52,31,000	1,04,69,000	3,046,700	4,778,100	7,824,800	+ 532,400	+ 491,500
- 3,901,500	1,436,200	5,337,700	+ 10,600	6,20,22,000	47,000	4,137,900	1,806,000	5,943,900	- 595,600	- 606,200
1,040,300	...	1,040,300	+ 8,000	77,46,000	84,42,000	1,079,200	...	1,079,200	- 30,900	- 38,900
- 2,028,000	2,983,300	955,300	+ 59,500	- 3,45,37,000	19,80,000	- 2,170,400	2,972,100	801,700	- 94,100	- 153,600
462,500	...	462,500	- 6,600	71,30,000	27,000	477,100	...	477,100	+ 8,000	+ 14,600
- 1,565,500	2,983,300	1,417,800	+ 52,900	- 2,74,07,000	20,07,000	- 1,693,300	2,972,100	1,278,800	- 86,100	- 139,000
1,437,800	120,400	1,558,200	+ 14,700	2,27,94,000	2,83,000	1,538,500	62,400	1,600,900	+ 57,400	+ 42,700
740,300	327,900	1,068,200	+ 33,800	1,19,99,000	...	799,900	355,100	1,155,000	+ 120,600	+ 86,800
107,900	12,800	120,700	- 2,600	14,65,000	...	97,700	41,600	139,300	+ 16,000	+ 18,600
1,291,500	290,700	1,582,200	+ 81,500	80,39,000	1,11,47,000	1,279,100	276,000	1,555,100	+ 54,400	- 27,100
2,401,100	...	401,100	- 10,100	9,11,000	3,67,05,000	2,507,700	500	2,508,200	+ 97,000	+ 107,100
776,700	200	776,900	+ 20,700	18,62,000	98,96,000	783,900	100	784,000	+ 27,800	+ 7,100
3,350,500	1,100	3,351,600	- 203,200	21,84,000	5,42,19,000	3,760,200	1,500	3,761,700	+ 206,900	+ 410,100
421,300	256,500	677,800	- 23,800	41,99,000	25,19,000	447,900	314,000	761,900	+ 60,300	+ 84,100
1,589,800	5,600	1,595,400	- 243,700	6,42,000	2,79,59,000	1,906,700	6,100	1,912,800	+ 73,700	+ 317,400
121,100	300	121,400	- 4,500	18,64,000	...	124,300	400	124,700	- 1,200	+ 3,300
1,030,600	11,500	1,042,100	- 38,800	6,22,000	1,60,11,000	1,108,900	9,200	1,118,100	+ 37,200	+ 76,000
936,700	5,700	942,400	+ 272,300	1,36,24,000	6,48,000	951,400	2,400	953,800	+ 283,700	+ 11,400
607,400	44,400	651,800	- 88,000	53,59,000	54,87,000	723,000	80,000	803,000	+ 63,200	+ 151,200
12,526,700	616,000	13,142,700	- 237,600	3,93,06,000	16,45,91,000	13,593,100	690,200	14,283,300	+ 903,000	+ 1,140,600
234,600	11,100	245,700	- 16,000	36,28,000	...	241,900	10,800	252,700	- 9,000	+ 7,000
300	230,500	230,800	- 19,700	6,000	...	400	243,000	243,400	- 7,100	+ 12,600
922,300	2,019,400	2,941,700	+ 100	11,66,000	1,33,35,000	966,700	2,021,500	2,988,200	+ 46,600	+ 46,500
479,600	90,700	570,300	+ 3,500	14,17,000	62,06,000	508,200	87,500	595,700	+ 28,900	+ 25,400
288,300	22,800	311,100	+ 56,100	8,18,000	26,24,000	229,500	14,000	243,500	- 11,500	- 67,600
1,925,100	2,374,500	4,299,600	+ 24,000	70,35,000	2,21,65,000	1,946,700	2,376,800	4,323,500	+ 47,900	+ 23,900
136,500	...	136,500	- 75,200	13,50,000	67,36,000	539,100	...	539,100	+ 327,400	+ 402,600
49,300	8,600	57,900	+ 22,800	1,01,000	...	6,700	...	6,700	- 28,400	- 51,200
309,500	3,100	312,600	- 67,400	65,14,000	...	434,300	6,700	441,000	+ 61,000	+ 128,400
493,000	...	493,000	+ 119,800	1,99,000	...	13,200	...	13,200	- 360,000	- 479,800
988,300	11,700	1,000,000	...	81,64,000	67,36,000	993,300	6,700	1,000,000	...	...
24,881,600	6,495,500	31,377,100	- 101,700	12,95,53,000	26,34,20,000	26,198,200	6,639,800	32,838,000	+ 1,359,200	+ 1,460,900

BUDGET ESTIMATE, 1906-1907.

INDIA.

Amount in Rupees.	Equivalent in £ at Rs15=£1.	England.	TOTAL.
5,84,14,000	3,894,900	1,535,600	5,430,500
36,48,000	243,200	270,400	513,400
6,10,69,000	4,137,900	1,806,000	5,943,900

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1904-1905.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs=£1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
	₹	₹	£	£	£	₹	₹
Brought forward	13,14,64,946	22,72,41,753	23,913,780	6,506,812	30,420,592	13,48,09,000	23,84,15,000
Railway Revenue Account—							
38.—State Railways : Working Expenses	16,90,58,527	3,73,033	11,295,437	..	11,295,437	17,40,36,000	4,18,000
Interest on Debt	5,20,02,868	...	3,466,858	1,141,439	4,608,297	5,50,17,000	...
Annuities in purchase of Railways	...	...	...	3,009,333	3,009,333	...	...
Interest chargeable against Companies on Advances	32,15,083	61,516	218,440	237,307	455,747	34,57,000	48,000
Interest on Capital deposited by Companies	3,81,736	68,519	30,017	1,235,972	1,265,989	3,74,000	69,000
39.—Guaranteed Companies : Surplus Profits, Land, and Supervision	18,01,760	...	120,117	...	120,117	29,82,000	...
Interest	2,77,131	...	18,476	1,045,143	1,063,619	40,000	...
40.—Subsidized Companies : Land, etc.	7,49,583	3,965	50,237	...	50,237	7,17,000	1,00,000
41.—Miscellaneous Railway Expenditure	6,38,164	85,605	48,251	...	48,251	5,58,000	46,000
TOTAL	22,81,24,852	5,92,638	15,247,833	6,669,194	21,917,027	23,71,81,000	6,81,000
Irrigation—							
42.—Major Works : Working Expenses	90,73,504	40,55,708	875,281	...	875,281	65,49,000	69,34,000
Interest on Debt	94,49,130	57,79,233	1,015,224	...	1,015,224	73,07,000	82,97,000
43.—Minor Works and Navigation	44,78,165	89,29,582	893,850	1,998	895,848	30,28,000	1,15,12,000
TOTAL	2,30,00,799	1,87,64,523	2,784,355	1,998	2,786,353	1,68,84,000	2,67,43,000
Other Public Works—							
44.—Military Works	1,39,79,372	...	931,958	49,641	981,599	1,54,91,000	...
45.—Civil Works	1,04,43,283	6,01,22,917	4,704,413	73,882	4,778,295	1,08,62,000	6,84,13,000
45 A.—Construction of Railways charged to Provincial or Local Revenues	...	93,754	6,250	...	6,250	...	97,000
TOTAL	2,44,22,655	6,02,16,671	5,642,621	123,523	5,766,144	2,63,53,000	6,85,10,000
Army Services—							
46.—Army : Effective	20,15,07,143	...	13,433,809	3,632,491	17,066,300	20,14,59,000	...
Non-Effective	1,00,80,632	...	672,042	2,437,352	3,109,394	1,03,01,000	...
TOTAL	21,15,87,775	..	14,105,851	6,069,843	20,175,694	21,17,60,000	...
Special Defence Works—							
47.—Special Defences (1902)	5,38,613	...	35,908	92,387	128,295	12,14,000	...
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	61,91,39,640	30,68,15,585	61,730,348	19,463,757	81,194,105	62,82,01,000	33,43,49,000
Add—Portion of Allotments to Provincial Governments not spent by them in the year	...	91,30,866	608,724	...	162,800	...	85,91,000
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances	...	66,88,863	445,924	...	...	...	73,85,000
Total Expenditure charged to Revenue	61,91,39,640	30,92,57,588	61,893,148	19,463,757	81,356,905	62,82,01,000	33,55,55,000

	ACCOUNTS, 1904-1905.			
	INDIA.		England.	Total.
	Amount in Rupees.	Equivalent in £ at Rs=£1.		
	₹	£	£	£
Capital Expenditure not charged to Revenue				
48.—State Railways	6,60,28,941	4,401,930	1,495,093	5,897,023
40.—Irrigation Works	53,08,699	353,913	7,259	361,173
TOTAL	7,13,37,640	4,755,843	1,502,352	6,258,195
51.—Redemption of Liabilities	...	...	...	...

Revenues of India, in India and in England—continued.

ESTIMATE, 1905-1906.				BUDGET ESTIMATE, 1906-1907.						Increase + Decrease — of Budget, 1906-1907, as compared with Budget Estimate, 1905-1906.	Increase + Decrease — of Budget, 1906-1907, as compared with Revised Estimate, 1905-1906.
Total India (converted into £ at R15=£1).	England.	TOTAL.	Increase + Decrease — of Revised, as compared with Budget Estimate, 1905-1906.	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at R15=£1).	England.	TOTAL.			
				Imperial.	Provincial and Local.						
₹	£	£	£	₹	₹	£	£	£	£	£	
24,881,600	6,495,500	31,377,100	—101,700	12,95,53,000	26,34,20,000	26,198,200	6,639,800	32,838,000	+ 1,359,200	+ 1,460,900	
11,630,300	...	11,630,300	+ 393,400	19,12,94,000	4,66,000	12,784,000	...	12,784,000	+ 1,547,100	+ 1,153,700	
3,667,800	1,170,500	4,838,300	+ 3,700	5,84,24,000	...	3,894,900	1,535,600	5,430,500	+ 595,900	+ 592,200	
...	3,013,800	3,013,800	+ 600	...	...	...	3,018,200	3,018,200	+ 5,000	+ 4,400	
233,700	265,700	499,400	—14,300	35,98,000	47,000	243,000	270,400	513,400	—300	+ 14,000	
29,500	1,286,500	1,316,000	—26,300	7,55,000	70,000	55,000	1,414,100	1,469,100	+ 126,800	+ 153,100	
198,800	...	198,800	+ 30,000	34,000	...	2,300	...	2,300	—166,500	—196,500	
2,700	1,038,600	1,041,300	—3,200	4,000	...	300	584,800	585,100	—459,400	—456,200	
54,500	...	54,500	—21,500	10,00,000	1,50,000	76,700	...	76,700	+ 700	+ 22,200	
40,300	...	40,300	—21,900	6,79,000	11,000	46,000	...	46,000	—16,200	+ 5,700	
15,857,600	6,775,100	22,632,700	+ 340,500	25,57,88,000	7,44,000	17,102,200	6,823,100	23,925,300	+ 1,633,100	+ 1,292,600	
898,900	...	898,900	+ 44,800	67,03,000	68,14,000	901,100	...	901,100	+ 47,000	+ 2,200	
1,040,300	...	1,040,300	—8,000	77,46,000	84,42,000	1,079,200	...	1,079,200	+ 30,900	+ 38,900	
969,400	...	969,400	—21,600	42,74,000	1,09,15,000	1,012,600	...	1,012,600	+ 21,600	+ 43,200	
2,908,600	...	2,908,600	+ 15,200	1,87,23,000	2,61,71,000	2,992,900	...	2,992,900	+ 99,500	+ 84,300	
1,032,800	45,100	1,077,900	—71,200	1,70,85,000	...	1,139,000	30,400	1,169,400	+ 20,300	+ 91,500	
5,285,000	73,400	5,358,400	—178,500	96,74,000	7,46,20,000	5,619,600	70,300	5,689,900	+ 153,000	+ 331,500	
6,400	...	6,400	—7,200	...	73,000	4,900	...	4,900	—8,700	—1,500	
6,324,200	118,500	6,442,700	—256,900	2,67,59,000	7,46,93,000	6,763,500	100,700	6,864,200	+ 164,600	+ 421,500	
13,430,400	2,938,300	16,368,700	—829,300	20,34,67,000	...	13,564,400	3,199,300	16,763,700	—	+ 395,000	
686,700	2,384,900	3,071,600	—12,700	1,01,92,000	...	679,500	2,403,500	3,083,000	—1,300	+ 11,400	
14,117,100	5,323,200	19,440,300	—842,000	21,36,59,000	...	14,243,900	5,602,800	19,846,700	—435,600	+ 406,400	
80,900	111,100	192,000	—61,200	20,33,000	...	135,500	96,000	231,500	—21,700	+ 39,500	
64,170,000	18,823,400	82,993,400	—906,100	64,65,15,000	36,50,28,000	67,436,200	19,262,400	86,698,600	+ 2,799,100	+ 3,705,200	
572,700 492,300	} ...	80,400	+ 1,450,700	{	4,53,000 1,66,17,000	30,200 1,107,800	} ...	1,077,600	+ 292,700	—1,158,000	
64,250,400	18,823,400	83,073,800	+ 544,600	64,65,15,000	34,88,64,000	66,358,600	19,262,400	85,621,000	+ 3,091,800	+ 2,547,200	

REVISED ESTIMATE, 1905-1906.				BUDGET ESTIMATE, 1906-1907.			
INDIA.		England.	Total.	INDIA.		England.	Total.
Amount in Rupees.	Equivalent in £ at R15=£1.			Amount in Rupees.	Equivalent in £ at R15=£1.		
₹	£	£	£	₹	£	£	£
9,86,72,000	6,578,100	2,062,400	8,640,500	6,68,09,000	4,453,900	3,544,000	7,997,900
77,21,000	514,700	26,500	541,200	1,18,10,000	787,300	46,000	833,300
10,63,93,000	7,092,800	2,088,900	9,181,700	7,86,19,000	5,241,200	3,590,000	8,831,200
...	...	12,980,900	12,980,900	...	...	...	...

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1904-1905.			REVISED ESTIMATE, 1905-1906.			BUDGET ESTIMATE, 1906-1907.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
Revenue (from Statement A)	£ 84,176,868	£ 636,103	£ 84,812,971	£ 84,077,900	£ 751,600	£ 84,829,500	£ 85,964,000	£ 531,100	£ 86,495,100
Excess of Revenue over Expenditure charged to Revenue			3,456,066	...	...	1,755,700	...	...	874,100
Railway and Irrigation Capital not charged to Revenue—									
Capital raised through Companies towards outlay on State Railways (net)	963,636	...	963,636	1,488,000	...	1,488,000	1,850,000	...	1,850,000
OUTLAY OF RAILWAY COMPANIES—									
Repayments	940,297	13,218	953,515	835,400	2,700	838,100	809,200	1,800	811,000
NET			0			222,200			0
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
On account of Subscribed Capital	8,649	1,501,250	1,509,899	69,200	1,149,600	1,218,800	35,500	3,618,300	3,653,800
NET			1,448,684			0			935,500
Permanent Debt Incurred—									
Sterling Debt—									
India Stock	...	2,500,000	...	...	2,000,000	...	...	2,000,000	...
B. B. C. I. Debentures	...	...	...	...	12,480,400	...	...	...	...
Rupee Debt—									
Rupee Loan	2,000,000	...	...	2,666,700	...	...	3,000,000	...	...
TOTAL NET	2,000,000	2,500,000	4,500,000	2,666,700	14,480,400	17,147,100	3,000,000	2,000,000	5,000,000
			3,413,480			16,755,900			4,164,000
Temporary Debt Incurred—									
Temporary Loans	...	500,000	500,000	466,700	...	466,700	...	...	...
NET			0			0			0
Unfunded Debt—									
Deposits of Service Funds	99,221	...	...	99,500	...	...	100,000	...	...
Savings Bank Deposits	4,025,775	...	...	4,050,300	...	...	4,108,400	...	...
TOTAL	4,124,996	...	4,124,996	4,149,800	...	4,149,800	4,208,400	...	4,208,400
NET			879,611			532,400			608,000
Deposits and Advances—									
Balances of Provincial Allotments	608,724	...	...	572,700	...	...	30,200	...	...
Appropriation for Reduction or Avoidance of Debt	667,097	...	...	493,000	...	...	13,200	...	...
Excluded Local Funds	813,161	...	...	759,900	...	...	746,400	...	...
Railway Funds	66,981	...	...	52,800	...	...	26,000	...	...
Deposits of Sinking Funds	10,280	...	...	10,600	...	...	11,200	...	...
Gold Reserve Fund	1,790,380	(a) 2,000,112	...	3,488,700	(b) 6,488,400	...	...	3,324,200	...
Currency Reserve: Council Bills appropriated	...	...	...	...	1,333,300	...	...	...	...
Currency Reserve: Bonds drawn	...	...	...	...	...	...	...	31,700	...
Currency Reserve: gold transferred	...	...	...	1,045,000	...	...	...	1,045,000	...
Departmental and Judicial Deposits	18,846,014	...	...	19,351,100	...	...	19,425,400	...	...
Advances	8,815,675	15,954	...	4,214,600	16,500	...	3,698,000	11,500	...
Suspense Accounts	137,258	...	...	66,800	...	...	28,800	...	...
Exchange on Remittance Accounts, net	10,204	...	...	9,500	...	...	...	...	...
Miscellaneous	14,855	...	...	...	...	...	3,800	...	...
TOTAL	31,780,719	2,016,066	33,796,785	30,064,700	7,838,200	37,902,900	23,983,000	4,412,400	28,395,400
NET			1,087,936			1,009,800			0
Carried over	123,995,165	7,166,637		123,818,400	24,222,500		119,850,100	10,563,600	

(a) Includes £700,396 remitted from India by means of Council Bills.

(b) Ditto £3,543,000 Ditto Ditto.

Government of India, in India and in England.

	ACCOUNTS, 1904-1905.			REVISED ESTIMATE, 1905-1906.			BUDGET ESTIMATE, 1906-1907.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
Expenditure, Imperial and Provincial (from Statement B)	£	£	£	£	£	£	£	£	£
Add—Provincial Surpluses transferred to "Deposits"	61,730,348	19,463,757	81,194,105	64,170,000	18,823,400	82,993,400	67,436,200	19,262,400	86,698,600
Deduct—Provincial Deficits charged to "Deposits"	608,724	...	608,724	572,700	...	572,700	30,200	...	30,200
TOTAL	61,893,148	19,463,757	81,356,905	64,250,400	18,823,400	83,073,800	66,358,600	19,262,400	85,621,000
Excess of Expenditure charged to Revenue, over Revenue—			0			0			0
Railway and Irrigation Capital not charged to Revenue—									
OUTLAY ON IRRIGATION WORKS	353,913	7,259	361,172	514,700	26,500	541,200	787,300	46,000	833,300
OUTLAY ON STATE RAILWAYS	4,401,930	1,495,093	5,897,023	6,578,100	2,062,400	8,640,500	4,453,900	3,544,000	7,997,900
CAPITAL CHARGE INVOLVED IN REDEMPTION OF LIABILITIES	...	...	...	...	12,980,900	12,980,900	...	...	...
OUTLAY OF RAILWAY COMPANIES—									
Payments for Capital outlay	1,221,361	1,069,845	2,291,206	—626,000	1,241,900	615,900	671,200	2,172,700	2,843,900
NET			1,337,691			0			2,032,900
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
Payments for discharge of Debentures	...	61,215	61,215	...	1,236,700	1,236,700	...	2,718,300	2,718,300
NET			0			17,900			0
Permanent Debt Discharged—									
Sterling Debt—									
India 5 p. c. Stock	...	100		...	...		...	...	
India 4 p. c. Stock	...	...		...	100		...	...	
G. I. P. Railway Debentures	...	1,002,100		...	250,000		...	...	
B. B. C. I. Railway Debentures	...	...		...	...		...	749,900	
Rupce Debt—									
4½ p. c. Loans	33	...		300	...		700	...	
4 p. c. Loans	83,274	...		82,700	...		84,000	...	
3½ p. c. Loans	1,013	...		1,300	...		1,300	...	
Stock Notes	...	...		100	...		100	...	
Provincial Debentures	...	...		56,700	...		...	...	
TOTAL	84,320	1,002,200	1,086,520	141,100	250,100	391,200	86,100	749,900	836,000
NET			0			0			0
Temporary Debt Discharged—									
Temporary Loans	333,333	2,000,000	2,333,333	466,700	500,000	966,700	...	...	...
NET			1,833,333			500,000			0
Unfunded Debt—									
Special Loans	672	...		500	...		500	...	
Deposits of Service Funds	81,920	...		84,300	...		84,100	...	
Savings Bank Deposits	3,162,793	...		3,532,600	...		3,515,800	...	
TOTAL	3,245,385	...	3,245,385	3,617,400	...	3,617,400	3,600,400	...	3,600,400
NET			0			0			0
Deposits and Advances—									
Balances of Provincial Allotments	445,924	...		492,300	...		1,107,800	...	
Excluded Local Funds	799,512	...		741,100	...		711,300	...	
Railway Funds	61,068	...		77,000	...		24,600	...	
Gold Reserve Fund	1,805,538	2,000,112		3,641,200	6,488,400		...	3,324,200	
Currency Reserve : sums invested	...	...		...	1,333,300		...	31,700	
Do. gold transferred	...	...		...	1,045,000		1,045,000	...	
Departmental and Judicial Deposits	18,583,072	...		19,247,300	...		19,380,100	...	
Advances	8,808,307	118,775		3,777,900	6,000		3,724,200	1,500	
Suspense Accounts	71,406	...		41,400	...		15,300	...	
Miscellaneous	15,027	108		2,200	...		...	...	
TOTAL	30,589,854	2,118,995	32,708,849	28,020,400	8,872,700	36,893,100	26,008,300	3,357,400	29,365,700
NET			0			0			970,300
Carried over	102,123,244	27,218,364		102,962,800	45,994,600		101,965,800	31,850,700	

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1904-1905.			REVISED ESTIMATE, 1905-1906.			BUDGET ESTIMATE, 1906-1907.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward . . .	123,995,165	7,166,637		123,818,400	24,222,500		119,850,100	10,563,600	
Loans and Advances by Imperial Government . .	323,481	...	323,481	447,300	...	447,300	275,900	...	275,900
. NET . . .			112,637			245,600			56,200
Loans and Advances by Provincial Governments . .	520,020	...	520,020	439,300	...	439,300	474,000	...	474,000
NET . . .	"		108,716			0			0
Capital of Local Boards . .	1,468	...	1,468	28,200	...	28,200	88,300	...	88,300
NET . . .			1,468			1,500			1,600
Remittances—									
Inland Money Orders . .	22,615,846	...		23,533,300	...		24,200,000	...	
Other Local Remittances . .	...	...		300,800	...		351,300	...	
Other Departmental Accounts . .	508,182	...		969,500	...		241,000	...	
Net Receipts by Civil Treasuries from—									
Post Office . . .	920,401	...		619,500	...		624,700	...	
Guaranteed Railways . .	1,414,100	...		1,263,500	...		712,000	...	
Public Works . . .	3,653,677	...		3,091,000	...		3,907,800	...	
Net Receipts from Civil Treasuries by—									
Telegraph . . .	76,980	...		109,700	...		119,500	...	
Marine . . .	272,374	...		205,800	...		206,600	...	
Military . . .	13,301,965	...		13,242,100	...		13,193,900	...	
Remittance Account between England and India—									
Gold remitted from India . .	9,738	4,090,388		...	400,300		...	...	
Purchase of silver . .	4,141,068	...		8,735,300	...		1,000,000	...	
Railway transactions . .	2,624,257	1,781,056		1,832,000	1,491,700		2,209,500	1,853,500	
Other " . . .	1,366,771	1,016,485		5,108,300	1,839,300		3,031,200	2,089,500	
TOTAL . . .	50,905,359	6,887,929	57,793,288	59,070,800	3,731,300	62,802,100	49,797,500	3,943,000	53,740,500
NET . . .			0			1,455, 00			0
Secretary of State's Bills drawn . . .	...	(a) 23,725,162	23,725,162	...	(b) 26,700,000	26,700,000	...	17,800,000	17,800,000
TOTAL RECEIPTS . . .	175,745,493	37,779,728		183,804,000	54,653,800		170,485,800	32,306,600	
Opening Balance . . .	11,869,552	7,294,782		10,749,770	10,262,581		13,299,970	8,144,581	
GRAND TOTAL . . .	187,615,045	45,074,510		194,553,770	64,916,381		183,785,770	40,451,181	

(a) In addition to £700,396 for remittance of the Gold Reserve Fund.

(b) In addition to £3,543,000 ditto ditto ditto. and £1,333,300 on account of Currency Investment.

FORI WILLIAM,
FINANCE DEPARTMENT;
March 21, 1906.

L. E. PRITCHARD,
Deputy Comptroliser General.

Government of India, in India and in England—continued.

	ACCOUNTS, 1904-1905.			REVISED ESTIMATE, 1905-1906.			BUDGET ESTIMATE, 1906-1907.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward	102,123,244	27,218,364		102,962,800	45,994,600		101,965,800	31,850,700	
Loans and Advances by Imperial Government	210,844	...	210,844	201,700	...	201,700	219,700	...	219,700
NET			0			0			0
Loans and Advances by Provincial Governments	411,304	...	411,304	795,600	...	795,600	986,900	...	986,900
NET			0			356,300			512,900
Capital Account of Local Boards	...	...	...	26,700	...	26,700	86,700	...	86,700
			0			0			0
Remittances—									
Inland Money Orders	22,592,446	...		23,533,300	...		24,200,000	...	
Other Local Remittances	63,277	...		359,400	...		351,300	...	
Other Departmental Accounts	511,800	...		969,500	...		241,000	...	
Net payments into Civil Treasuries by—									
Post Office	920,317	...		619,500	...		624,700	...	
Guaranteed Railways	1,414,100	...		1,263,500	...		712,000	...	
Public Works	3,577,647	...		2,465,500	...		3,907,800	...	
Net Issues from Civil Treasuries to—									
Telegraph	74,142	...		109,700	...		119,500	...	
Marine	271,980	...		205,800	...		206,600	...	
Military	13,301,965	...		13,242,100	...		13,193,900	...	
Remittance Account between England and India—									
Gold remitted from India	4,500,001	...		...	...		...	...	
Purchase of Silver	...	4,540,378		...	8,574,000		...	750,000	
Railway transactions	1,763,637	2,641,676		1,491,700	1,832,000		1,853,500	2,209,500	
Other	1,678,938	411,511		6,309,200	371,200		5,006,800	422,000	
TOTAL	50,670,250	7,593,565	58,263,815	50,569,200	10,777,200	61,346,400	50,417,100	3,381,500	53,798,600
NET			470,527			0			58,100
Secretary of State's Bills paid	(a) 23,449,633	...	23,449,633	(b) 26,697,800	...	26,697,800	17,803,800	...	17,803,800
TOTAL DISBURSEMENTS	176,865,275	34,811,929		181,253,800	56,771,800		171,480,000	35,232,200	
Closing Balance	10,749,770	10,262,581		13,299,970	8,144,581		12,305,770	5,218,981	
GRAND TOTAL	187,615,045	45,074,510		194,553,770	64,916,381		183,785,770	40,451,181	

(a) In addition to £700,396 for payment from the Gold Reserve Fund.

(b) In addition to £3,543,000 for payment from the Gold Reserve Fund and to £1,333,300 for payment from the Currency Reserve.

A. F. COX,
Comptroller General.W. S. MEYER,
Secretary to the Government of India.

FINANCIAL STATEMENT OF THE

-Account of Provincial and Local Savings charged to Revenue, and held at the disposal of Provincial Governments under their Provincial Settlements.

Provincial and Local Balances.

NOTE.—These balances do not include the Balances of Deposits and Advances upon Local Fund Accounts.

	India.	Central Provinces.	Berar.	Burma.	Eastern Bengal and Assam.	Bengal.	United Provinces of Agra and Oudh.	Punjab.	N.-W. Frontier Province.	Madras.	Bombay.	TOTAL.	Equivalent in £ at Rs 15 = £
	R	R	R	R	R	R	R	R	R	R	R	R	£
Accounts, 1904-1905.													
Balance at end of 1903-1904 . .	1,63,422	18,24,521	10,00,322	99,46,279	31,67,627	1,67,75,446	1,00,78,268	50,69,817	1,42,507	1,43,54,113	66,76,646	6,91,98,968	4,613,2
Added in 1904-1905 .	...	...	91,704	...	...	...	...	50,54,891	...	...	39,84,271	91,30,866	608,7
Spent in 1904-1905 .	14,981	7,02,146	...	15,70,179	1,46,185	11,92,604	7,92,486	...	5,919	22,64,363	...	66,88,863	445,9
Balance at end of 1904-1905 . .	1,48,441	11,22,375	10,92,026	83,76,100	30,21,442	1,55,82,842	92,85,782	1,01,24,708	1,36,588	1,20,89,750	1,06,60,917	7,16,40,971	4,776,0
Revised Estimate, 1905-1906.													
Balance at end of 1904-1905 (by Accounts) . .	1,48,441	11,22,375	10,92,026	83,76,100	30,21,442	1,55,82,842	92,85,782	1,01,24,708	1,36,588	1,20,89,750	1,06,60,917	7,16,40,971	4,776,0
Added in 1905-1906 .	...	33,63,000	8,7,000	...	35,81,000	8,95,000	...	...	25,000	6,40,000	...	85,91,000	572,7
Spent in 1905-1906 .	26,000	...	...	17,85,000	45,000	...	34,22,000	20,81,000	...	...	26,000	73,85,000	492,3
Balance at end of 1905-1906 . .	1,22,441	44,85,375	11,79,026	65,91,100	(a) 65,57,442	1,64,77,842	58,63,782	80,43,708	1,61,588	1,27,29,750	1,06,34,917	7,28,46,971	4,856,4
Budget Estimate, 1906-1907.													
Balance at end of 1905-1906 (by Revised Estimate) .	1,22,441	56,64,401	...	65,91,100	65,57,442	1,64,77,842	58,63,782	80,43,708	1,61,588	1,27,29,750	1,06,34,917	7,28,46,971	4,856,4
Added in 1906-1907 .	...	4,53,000	...	...	...	...	...	...	...	...	...	4,53,000	30,2
Spent in 1906-1907 .	16,000	...	...	20,99,000	20,72,000	28,68,000	28,52,000	19,26,000	19,000	7,26,000	40,39,000	1,66,17,000	1,107,8
Balance at end of 1906-1907 . .	1,06,441	61,17,401	...	44,92,100	(a) 44,85,442	1,36,09,842	30,11,782	61,17,708	1,42,588	1,20,03,750	65,95,917	5,66,82,971	3,778,8

(a) Excludes balance of Local Funds of Eastern Bengal on 15th October 1905.

L. E. PRITCHARD,
Deputy Comptroller General.

A. F. COX,
Comptroller General.

W. S. MEYER,
Secretary to the Government of India.

FORT WILLIAM,
FINANCE DEPARTMENT;
March 21, 1906.

E.—Abstract Statement of the Receipts and Disbursements of the Government of India, in India and in England.

REVENUE AND EXPENDITURE.		Accounts, 1904-1905.				Revised Estimate, 1905-1906.		Budget Estimate, 1906-1907.	
		Revenue.	Expenditure.		Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.
			Refunds and Assignments.	Cost of Collection and Production.					
<i>Revenue Heads.</i>		£	£	£	£	£	£	£	£
Principal Heads of Revenue.	Land Revenue (excluding that due to Irrigation)	18,953,997	727,596	3,203,694	15,022,707	14,966,400		15,554,700	
	Opium	6,021,499	3,415	1,967,085	4,050,999	3,590,600		2,956,300	
	Salt	5,354,768	261,302	345,102	4,748,364	3,701,900		3,764,400	
	Stamps	3,738,362	41,260	121,091	3,576,011	3,696,200		3,720,600	
	Excise	5,353,424	47,226	242,314	5,063,884	5,343,500		5,474,500	
	Provincial Rates	2,824,431	4,123	36,041	2,783,717	2,731,400		2,717,300	
	Customs	4,361,771	94,739	179,246	4,087,786	4,052,200		4,178,700	
	Assessed Taxes	1,269,802	6,704	21,417	1,241,681	1,277,800		1,312,500	
	Forest	1,601,997	2,835	860,138	730,024	838,800		801,500	
	Registration	338,690	769	180,899	157,022	166,400		155,900	
	Tributes	633,844	212,540	...	421,304	389,400		412,100	
	Total	50,452,635	1,402,509	7,166,627	41,883,499	40,754,600		40,548,500	
	Total deduction from Revenue			8,569,136					
<i>Expenditure Heads.</i>									
Debt Services	Interest	849,579	1,646,945		797,366		472,700		425,800
Commercial Services	Post Office	1,575,980	1,519,813		56,167	100,500		126,200	
	Telegraph	897,923	902,268				154,500		216,900
	Railways	24,022,465	21,917,027	2,105,438	4,345	2,025,500		2,229,300	
	Irrigation	3,071,036	2,786,353	284,683		43,900		257,100	
Other Public Works	Military	45,462	981,599		936,137		1,031,100		1,122,100
	Civil	493,091	4,784,545		4,291,454		4,886,900		5,226,500
Mint	Mint	206,410	117,877	88,533		184,600		62,600	
Civil Departments	Civil Departments	1,547,333	12,399,763		10,852,430		11,608,800		12,749,400
Miscellaneous Civil Services	Superannuation	190,973	2,910,333		2,719,360		2,748,100		2,794,800
	Exchange	94,065		94,065		91,700		40,000	
	Miscellaneous	333,310	312,389	20,921		67,300		101,900	
Famine Relief and Insurance	Other heads	71,778	1,042,068		970,290		975,500		1,019,900
	Famine Relief		2,078		2,078		136,500		539,100
	Other heads		997,922		997,922		863,500		400,900
Army Services	Effective	844,390	17,066,300		16,221,910		15,420,400		15,821,500
	Non-effective	116,541	3,109,394		2,992,853		2,942,000		2,960,700
	Special Defences (1902)	...	128,295		128,295		192,000		231,500
Total		84,812,971	81,194,105		3,618,866		1,836,100		203,500
Provincial Adjustment	Surplus		162,800				80,400		
	Deficit				162,800			1,077,600	
Total		84,812,971	81,356,905		3,456,066		1,755,700		874,100
Capital Account					3,456,066		1,755,700		874,100
Capital Account	Surplus								
	Railway and Irrigation Capital not charged to Revenue:—				963,636		1,488,000		1,850,000
	Capital raised through Companies towards outlay on State Railways (net)								
	Capital raised and deposited by Railway Companies (net)				1,448,684	—17,900		935,500	
	Outlay on Irrigation Works				361,172	541,200		833,300	
	Outlay on State Railways				5,897,023	8,640,500		7,997,900	
Debt, Deposits, Advances, and Remittances .	Outlay of Railway Companies (net)				1,337,691	—222,200		2,032,900	
	Capital involved in Redemption of Railway Liabilities					12,980,900			
	Permanent Debt (net)				3,413,480	16,755,900		4,164,000	
	Temporary Debt (net)						500,000		
	Unfunded Debt (net)				879,611	532,400		608,000	
	Loans and Advances by Imperial Government (net)				112,637	245,600		56,200	
	Loans and Advances by Provincial Governments (net)				108,716		356,300		512,900
	Capital Account of Local Boards (net)				1,468	1,500		1,600	
	Deposits and Advances (net)				1,087,936	1,009,800		970,300	
	Remittances (net)					1,455,700		58,100	
Cash Balance	Secretary of State's Bills drawn (net)				23,725,162	26,700,000		17,800,000	
	Secretary of State's Bills paid (net)					23,449,633		17,803,800	
Total					35,197,396	33,349,379	49,926,700	26,289,400	30,209,200
					19,164,334	21,012,351	21,012,351	21,444,551	17,524,751
					54,361,730	54,361,730	70,939,051	47,733,951	47,733,951

L. E. PRITCHARD,
Deputy Comptroller General.

A. F. COX,
Comptroller General.

W. S. MEYER,
Secretary to the Government of India,

FORT WILLIAM,
FINANCE DEPARTMENT;
March 21, 1906.

APPENDIX II.

Memorandum by the Hon'ble Major-General C. H. Scott, C.B.,
R.A., on Army, Military Works, Special Defences, and
Marine Expenditure for the years 1905-1906 and 1906-1907.

The estimates with which the Military and Marine Department of the Government of India is concerned are :—

- I.—The Indian Army Estimates.
- II.—The Home (India) Army Estimates.
- III.—The Military Works Estimates.
- IV.—Special Defences.
- V.—The Marine Estimates.

I will deal with them in this order.

2. Taking the Indian and the Home (India) Army Estimates together the net expenditure in 1906-1907 will, it is estimated, be less than that provided in the Budget of 1905-1906 by £572,600.

3. Before dealing with the estimates in detail I will refer to the measures carried out or in progress, during the present year for improving the efficiency of the army and also to those which we propose to continue or institute during the ensuing year.

Budget, 1905-1906.

4. As mentioned in Sir Edmond Elles' Budget Memorandum of the 22nd March 1905, the sum of 331 lakhs—£2,206,666—[including 50 lakhs (£333,333) on account of lapses in the Home and Indian Estimates of 1904-05] was provided in this year's Army Estimates towards carrying out the scheme for the reorganization of the Army in India framed by His Excellency the Commander-in-Chief. Of this sum, 144 lakhs (£960,000) were allotted for the rearmament of horse and field artillery. Among other important measures introduced, the following may be mentioned :—

*Army
Reorganisation.*

- Increase to the reserves of artillery ammunition and small arms ammunition ;
- Increase to the reserve of rifles ;
- Increase of ammunition columns due to the extra ammunition required in the field ;
- Provision of mobilization equipment for the increased field army ;
- Reorganization of the Supply and Transport Corps ;
- Provision of additional army transport carts ;
- Addition of 90 officers to the Indian Army ;
- Creation of the appointment of Inspector General of Ordnance Factories ;
- Formation of an additional railway company of sappers and miners ;
- Purchase of horses for Q. F. batteries ;
- Provision of local stores for field hospitals and of additional maps for the field army ;
- Erection of machinery in connection with the expansion of Ordnance Factories ;
- Acquisition of land for the extension of cantonments and buildings in connection with the redistribution of the army.

The manufacturing capacity of the Alipore and Madras factories being insufficient to meet the large demands for made up clothing for troops, and any extension of these factories at a reasonable cost not being practicable, it has been decided to start a factory at Fatehgarh where labour is cheap and the buildings of the late gun carriage factory are available for the purpose. The measure is at present on an experimental basis in order to test local conditions.

*Additional
Factory.*

General requirements.

The introduction of the double company organization into the 42nd Deoli, 43rd Erinpura and 44th Merwara Infantry, which involves an extra expenditure of R7,380 (£492) annually, was sanctioned by the Secretary of State in 1905.

Owing to the number of troops now located in Northern India, and the distance of Bombay from the Punjab, it was desirable to adopt Karachi as a port for the embarkation and disembarkation of troops between India and England. Other military considerations also rendered the establishment of troop-ing at Karachi desirable.

The measure has been sanctioned by the Secretary of State. It will involve an initial expenditure of R20,108 (£1,340) and an annual saving of recurring expenditure of R37,684 (£2,512).

In 1903 sanction was accorded tentatively to the supply of regimental necessities to British troops in India by the Army Clothing Department, instead of under regimental arrangements. This change of system which has been found to conduce to greater rapidity and convenience of supply has now been permanently adopted.

A new system of clothing the native army was introduced on 1st April 1905, when the following measures were approved :—

- (a) increase of kit money on enrolment from R30 to R40 ;
- (b) purchase by the State of all rights to compensation with a view to their extinction ;
- (c) grant of an annual consolidated allowance in lieu of issues of clothing in kind.

With the amounts under (a) and (c) the soldier obtains his uniform on payment from clothing factories as he requires it, without being subjected to deductions from pay. An annual saving of R17,930 (£1,195) will result from these measures.

The pay of officers of the Army Veterinary Department below the rank of lieutenant-colonel was increased with effect from the 30th April 1905 as follows:—lieutenants from R400 to R480 a month; captains from R450, R500, and R600 to R570 and R650; majors from R700 to R750. The cost involved comes to R50,000 (£3,333) a year.

Two officers have been added to the Army Remount Department, the annual charges on this account being R20,859 (£1,390). The strength of the Department is now 25 officers including 9 officers of the Army Veterinary Department.

In order to ensure effective supervision and control over the horse and mule-breeding operations carried on by grantees of land on the Jhelum canal and Chenab canal it is proposed to withdraw four of the six districts comprising the Jhelum Canal Colony Circle and to form them into a separate circle designated the Chenab Canal Colony Circle. The cost involved is estimated at R48,375 (£3,225) a year.

With a view to removing administrative inconvenience the three presidential lists of military assistant surgeons have been amalgamated for all general service purposes. For purposes of promotion to the senior grades men now in the service will continue to be borne on their respective lists until they are absorbed.

The conditions of service of hospital assistants in army employ have been improved by the grant to them of the following concessions:—

- (a) free passage when proceeding on or returning from leave on reduced pay for a period of not less than six months ;
- (b) pension under Civil Service Regulations ;
- (c) an annual allowance of R12 in aid of the provision and maintenance of cloth uniform ;
- (d) pony allowance of R12 a month when at, proceeding to, or returning from, a camp of instruction, manœuvres, or concentration.

The cost of the above concessions amounts to about R13,000 (£866) a year.

It is considered desirable to maintain 15 sets of portable X-ray equipment for the use of the army. The cost of the measure is estimated at

Rs. ^{87,886 (£5,859) initial}
^{9,961 (£664) annual recurring}. Fifteen sets of equipment costing R49,455 (£3,297) are under supply from England.

General requirements.

On a report on the working of the Punjab Military Transport Animals Act during the past year it has been decided that its further extension is not necessary to localities where camels and mules are not available. Local Governments and Administrations within whose jurisdiction such localities exist have, however, been requested to intimate what steps they propose to take to ensure supply of suitable bullocks, draught and riding ponies on mobilization. They have also been informed that the services of Registration officers will be available if their advice is required. The Act is now in force in the Punjab and in the North-West Frontier Province.

The salary allowed in India to Ridingmasters and Quartermasters, having less than 10 years' service, was deemed barely sufficient to enable them to maintain their position as regimental officers, in the present conditions of Indian service. Moderate increases of pay have accordingly been sanctioned for them. The extra cost is estimated at about R27,000 (£1,800) per annum.

It has been decided that the cost of Police employed in cantonments shall be borne by Provincial Revenues. This change it is estimated will relieve Cantonment Funds in India of charges amounting to R1,10,000 (£7,333) per annum, approximately; and will admit of funds being made available for expenditure on various objects conducive to the welfare of the inhabitants of Cantonments.

In pursuance of a programme of works which has been undertaken in consequence of the rearmament of the volunteer force with the Lee-Metford rifle, a sum of about R1,00,000 (£6,666) has been spent on the provision of buildings and ranges for volunteer corps in the places where they are most urgently required.

Progress has been made with the scheme for providing improved lighting and ventilation of the barracks and hospitals of British troops in the larger cantonments where the hot weather is of long duration. The installation in Fort William has been completed and that at Meerut practically completed.

Budget, 1906-1907.

5. In pursuance of the scheme for the reorganization of the Army in India, it is proposed to provide a sum of about 253 lakhs (£1,686,666) in the Army Estimates of the ensuing financial year. This sum includes ninety lakhs (£600,000) on account of regrant of lapses, due chiefly to non-completion of this year's programme of artillery rearmament. Artillery rearmament will therefore absorb a large portion of the funds allotted for reorganization and among other important measures for which funds will be provided in 1906-1907 are the following:—

Army Reorganization.

- Reorganization of Horse and Field Batteries;
- Reorganization of existing artillery ammunition columns and formation of additional columns;
- Additional mule corps and cadres;
- Provision of small arms ammunition columns;
- Increase to the reserves of artillery ammunition and small arm ammunition;
- Increase to the reserve of rifles;
- Provision of additional stores for Ordnance Field Parks;
- Additional officers for the Indian Army;
- Acquisition of land in connection with the redistribution of the Army;

A sum of R53,73,000 (£358,200) has also been provided in the Military Works estimates for buildings in connection with the redistribution of the Army and for the expansion of Ordnance Factories.

Proposals are under consideration for the manufacture of acetone (the solvent used in the manufacture of cordite) at the Cordite factory, Aruvankad.

Factories.

Manufacture has commenced and it is hoped that the Gun factory at Cossipore will be able to supply 18 pr. and 13 pr. guns during 1906-1907.

It was anticipated that the Rifle factory at Ishapore would have been able to turn out 6,000 rifles during 1905-1906, but this could not be done. During 1906-1907, 16,000 rifles are to be manufactured.

It is anticipated that the Gun carriage factory at Jubbulpore will be in full working order by the 1st April 1907. Manufacture has already commenced.

A bounty of £15 has been offered to soldiers of British Infantry units of 8 or 7 years' service, and the grant of 6 months' furlough with free passage to and from England to men of 3 years' service, to induce them to extend their service with the colors to 12 and 8 years, respectively. The cost of this measure cannot be stated until the numbers accepting the bounty are known. A reference is also being made to the Secretary of State for India regarding the incidence of the cost.

In 1904 the Secretary of State sanctioned an increase to the reserves of the Native Army to bring their total strength up to 50,000 men. This involves an addition of about 25,000 men. It was decided that the measure should be carried out in the course of the next 10 years, and a sum of 3 lakhs (£20,000) was provided in the estimates of 1905-1906 to admit of an increase of 2,500 in that year. Budget provision has also been made in 1906-1907 for a further increase of 2,500 men. The formation of a Native Cavalry reserve will constitute a part of this measure.

The native artificers now serving as followers with R. A. units in India and with Ordnance Field Parks do not come up to the standard of modern requirements, and they will be replaced by competent artificers possessing a higher standard of mechanical skill. A corps will be recruited from men who have served a three years' apprenticeship in the Gun Carriage Factory at Jubbulpore. The cost has been estimated at—

		R
Initial expenditure . { Army		28,640 (£1,909)
Military Works		21,500 (£1,433)
Annual recurring saving		19,540 (£1,303)

The measure has been sanctioned by the Secretary of State and will be given effect to as soon as funds are made available.

For sanitary reasons it is necessary to remove the Sapper and Miner lines at Bangalore from their present site and to construct lines on a new site. A sum of ₹92,686 (£6,179) has been provided in the India Army Estimates of 1906-1907 for the purpose.

A sum of ₹1,05,117 (£7,008) has been provided in the estimates of 1906-1907 to meet expenditure on account of the establishment of new and extension of existing dairies during that year.

" Four officers will be added to the establishment employed on farms with effect from 1st April 1906, at a cost of Rs 53,499 (£3,566) per annum. The establishment will now consist of 14 officers.

To improve the efficiency of the volunteer force a sum of Rs 50,000 (£3,333) will be provided in the Military Works Budget Estimates for buildings and ranges for volunteer corps.

For the improved lighting and ventilation of the barracks and hospitals of British troops, a sum of Rs 1,00,000 (£6,666) will be provided in the Military Works Estimates. Electrical installations are to be commenced at certain stations, probably Lucknow and Peshawar.

I.—Indian Army Estimates.

Revised Estimates, 1905-1906.

6. The Revised Indian Army estimates for 1905-1906, compared with the

Comparison—
Revised for 1905-1906
and
Budget for 1906-1907.

gross expenditure of R21,66,000 (£144,400).

The increase in receipts is chiefly caused by more receipts under clothing, due to issues to the Native Army being made on payment under the new clothing scheme; to larger demands of medical stores by Civil Institutions; to abnormal sales of unserviceable Ordnance Stores; and to the adjustment in the Indian accounts of a lump sum credit from the War Office on account of the five Native Infantry Regiments serving in the colonies; this increase is partly counterbalanced by smaller recoveries for malt liquor and by the adjustment, by credit to His Majesty's Imperial Government, of the value of peace equipment of corps returned from China and Somaliland.

7. The more important causes which have led to an increase in expenditure have been the following :—

- (a) Expenditure amounting to ₹16,67,000 (£111,133) on the manœuvres at Rawalpindi and other charges connected with the visit of Their Royal Highnesses the Prince and Princess of Wales.
- (b) Charges amounting to ₹12,80,000 (£85,333) on account of the five Native Infantry Regiments on garrison duty in the colonies, but which have been recovered from the Imperial Government and taken as a set-off under Receipts.
- (c) Excess strength of British troops and the deduction made in the Budget for probable savings not being fully realized, account for an increase of ₹8,00,000 (£53,333).
- (d) Clothing allowance to Native troops under the new clothing scheme, amount to ₹6,70,000 (£44,666).
- (e) More charges amounting to ₹5,00,000 (£33,333) on account of rise in prices of food-supplies.
- (f) More charges for conveyance of troops and stores, for warm clothing, supply of water, and toll on troops, etc., account for ₹4,25,000 (£28,333).
- (g) Extra expenditure amounting to ₹2,40,000 (£16,000), in connection with the earthquake at Dharmasala.
- (h) More charges amounting to ₹3,50,000 (£23,333) for pay of Regimental Officers, due to the deduction made in the Budget for probable savings having proved too high.
- (i) Increased expenditure in connection with the Aden Delimitation Commission and the Gilgit Agency, account for ₹1,54,000 (£10,266).
- (j) More non-effective charges, ₹2,00,000 (£13,333).

On the other hand, there have been decreases of expenditure under certain heads, the more important of which are the following :—

- (a) Less "Reorganization" expenditure in India, ₹16,09,000 (£107,266).
- (b) Less charges for Ordnance establishments and for purchase of stores for Arsenal and Ordnance Factories, amounting to ₹6,00,000 (£40,000).
- (c) Smaller expenditure anticipated under Army and Garrison Staff, Remount, Veterinary and Medical Establishments, amounting to ₹4,70,000 (£31,333).
- (d) Less charges for service pay and good conduct pay to British soldiers ₹3,00,000 (£20,000) and for clothing supplies and services, ₹2,60,000 (£17,333).
- (e) Lapse of the special provision for initial expenditure in connection with the Native Army Reserves and the formation of the 106th Hazara Pioneers, amounting to ₹2,00,000 (£13,333).
- (f) Smaller purchases of malt liquor, ₹2,52,000 (£16,800).
- (g) Less expenditure on account of "Tibet Mission" and "Seistan Boundary Commission," ₹1,68,000 (£11,200).

Estimates, 1906-1907.

8. The estimates for 1906-1907, in the net, amount to R20,22,41,000 (₹13,482,733) or R16,27,000 (₹108,466) more than the Budget for 1905-1906. This is due to an increase in gross receipts of R24,38,000 (₹162,533)* and in gross expenditure of R40,65,000 (₹271,000).

The increase in receipts may be chiefly attributed to more realizations from dairy farms; to the introduction of the new clothing scheme for the native army under which issues of clothing are made on payment; to larger sales of Ordnance Stores and camp equipage; and to the expenditure incurred and charged to Indian revenues on account of the five Native Infantry Regiments serving in the colonies being recovered from the War Office and credited in the Indian accounts.

9. The more important causes of increase in expenditure are the following:—

- (a) Larger provision on account of Reorganization, R17,21,000 (₹14,733).
- (b) Provision on account of the five Native Infantry Regiments serving at Colonial Stations, amounting to R14,00,000 (₹93,333).
- (c) Larger provision owing to rise in prices of food-supplies, R8,50,000 (₹56,666); for Dairy and Grass Farms, R5,63,000 (₹37,533); for conveyance of troops and stores, R1,00,000 (₹6,666); for extra labour in the Ammunition Factory, Dum Dum, and Gun Carriage Factory, Madras, and for Arsenal Stores, R2,35,000 (₹15,666).
- (d) Smaller deduction for probable savings under pay of Regimental Officers and soldiers, R8,50,000 (₹56,666).
- (e) Clothing allowance to the Native Army, less half-mounting allowance abolished, R7,00,000 (₹46,666).
- (f) Provision of R2,20,000 (₹14,666) made for the Native Infantry Regiment returned from Somaliland, for which a deduction was made in 1905-1906.
- (g) Increased rate for purchase of mules in India and additional cost for importing transport mules from America, R1,86,000 (₹12,400).
- (h) More non-effective charges, R1,20,000 (₹8,000).

Against the foregoing increases there will be a set-off by reason of certain decreases, the most important of which are due to:—

- (a) Smaller provision on account of special measures other than Reorganization, R6,31,000 (₹42,066).
- (b) Smaller provision under Tibet Mission, R3,39,000 (₹22,600); and occupation of Chitral and its communications, R1,76,000 (₹11,733).
- (c) Smaller provision for good conduct pay and service pay, R2,34,000 (₹15,600).
- (d) No provision having been made for the Seistan Boundary Commission, R2,54,000 (₹16,933).
- (e) Omission of the special provision made in 1905-1906 in connection with the new scheme for the supply of clothing to the Native Army, R5,08,000 (₹33,866).
- (f) Smaller purchases of Remounts, R2,60,000 (₹17,333).
- (g) Smaller provision on account of compensation in lieu of clothing, R1,80,000 (₹12,000).
- (h) Smaller provision having been made for stores, including hides, for factories, R2,75,000 (₹18,333).
- (i) Initial expenditure provided in 1905-1906 for Native Army Reserves not repeated in 1906-1907, R1,50,000 (₹10,000).

II.—Home (India) Army Estimates.

Revised Estimates, 1905-1906.

10. The Military Department is next concerned with the Home estimates for Army effective and non-effective charges. Comparison—
Revised for 1905-1906
and
Budget for 1905-1906. The Home Budget Estimates for 1905-1906 made provision for a gross expenditure of £6,309,400, but in the Revised Estimates this provision has been reduced to £5,323,200, or by £986,200.

This decrease in the Revised Estimate as compared with the Budget Estimate is stated by the India Office to be due mainly to less charges under the head "Reorganization—Stores for India;" less payments to the War Office in respect of British Forces serving in India; less charges for passage of officers and others not charged to Indian Troop Service; smaller demands for stores for ordinary requirements; less payments to War Office for retired pay, etc., of British Forces for service in India; less charges for pay and pensions of non-effective and retired officers of the Indian Service.

These decreases are partly counterbalanced by increases due to more charges for furlough pay during voyage of British forces serving in India and for furlough allowances of officers of the Indian Service; and larger expenditure under the head "Indian Troop Service" owing to increased payments for conveyance of troops to and from India in Imperial transports, etc.

The net figures of the Revised Estimate show a decrease of £1,008,300 as compared with those of the Budget Estimate for 1905-1906 due to less expenditure of £986,200, as explained above, and an increase in receipts of £22,100.

Estimates, 1906-1907.

Comparison—
Budget for 1905-1906
and
Estimates for 1906-1907. 11. The estimated receipts and expenditure for 1906-1907 are as follows:—

	Receipts.	Expenditure.	Net expenditure.
	£	£	£
Effective	273,300	3,199,300	2,926,000
Non-effective	30,000	2,403,500	2,373,500
TOTAL	303,300	5,602,800	5,299,500

12. Compared with the Budget for 1905-1906 the receipts show an anticipated decrease of £25,600 and this is chiefly due to smaller receipts on account of the Indian Troop Service and to a decrease in the value of articles in possession of regiments on their transfer from the Indian to the British Establishment. The gross anticipated expenditure for 1906-1907 is less than the amount provided in the Budget for the preceding year by £706,600. This decrease is chiefly accounted for by less requirements of stores (both ordinary and Reorganization); smaller provision of pay and pensions of non-effective and retired officers of the Indian Service and of pay of Non-effective Colonels of Royal Artillery, smaller anticipated expenditure on Indian Troop Service and on account of passage of officers and others not charged to the Indian Troop Service; and smaller provision under head "Miscellaneous."

These decreases are however partly counterbalanced by larger anticipated payments to War Office in respect of British forces serving in India; by larger

anticipated expenditure on account of furlough allowances and pay during voyage of British forces serving in India, of furlough allowances of officers of the Indian service and of payments to War Office for retired pay, etc., of British forces, for service in India.

13. The gross charges on account of effective services, as estimated for the coming year, include payments to the War Office in respect of the British forces serving in India (£650,000); furlough allowances and pay during the voyage of British forces serving in India (£130,000); furlough allowances of officers of the Indian Service (£270,000); Indian Troop Service (£319,000); passage of officers and troops otherwise than in transports (£15,000); Miscellaneous (£35,000); and stores for India, both ordinary and Reorganization (£1,780,300).

14. The gross charges on account of non-effective services comprise the retired pay, etc., of the British forces for service in India (£745,000); pay of non-effective Colonels of Royal Artillery (£15,500); pay and pensions of non-effective and retired officers of the Indian Service (£1,500,000); Miscellaneous, pensions, etc., (£88,000); and the Indian Military Service Family Pensions (£55,000).

15. The ~~net~~ anticipated expenditure for 1906-1907 is less by £681,000 than that for the preceding year, and, as explained in paragraph 12 above, this is due to a decrease of £25,600 in receipts and of £706,600 in gross expenditure.

III.—Military Works Estimates.

44—Military Works.

16. Including English expenditure, the Budget Estimate for 1905-1906 amounted to R1,72,36,000 (£1,149,000); but these figures have been modified during the year by various causes. The Revised Estimate is R1,60,67,000 (£1,071,100)* which is less than the Budget of 1905-1906 by R11,69,000 (£78,000).

17. The Budget Estimate for 1906-1907, including English expenditure, is R1,75,41,000 (£1,169,400), showing an increase on that of 1905-1906 of R3,05,000 (£20,300).

18. The main heads of expenditure are in round figures :—

	R	£
Original works, including those in progress and those to be commenced	97,09,000	647,200
Repairs	35,59,000	237,200
Establishment, Tools and Plant	33,73,000	224,800
Barrack Department—Establishments, Supplies and Tools and Plant	9,00,000	60,000

19. In connection with the more important original works, expenditure amounting to R4,03,000 (£26,800) will be incurred on water-supply projects; R1,00,000 (£6,600) will be spent on electric lighting and punkah-pulling in barracks, etc.; provision has been made in the Budget for R2,00,000 (£13,300) for completing the Central Gun-carriage Factory at Jubbulpore; R2,25,000 (£15,000) for the steel plant and cartridge metal rolling mills at Ishapur; R1,50,000 (£10,000) for the staff college at Quetta; R2,09,000 (£13,900) for accommodation at Maymyo for a battalion of British Infantry; R4,00,000 (£26,600) for the Kirkee Arsenal; R1,25,000 (£8,300) for quarters for ordnance subordinates at Cossipore and Dum Dum; R1,43,000 (£9,500) for additional buildings at the Mona Remount Depot; R8,79,000 (£58,600) for expansion of Ordnance factories on account of the increase in the reserve of artillery ammunition; R36,67,000 (£244,400) for buildings in connection with the scheme for the redistribution of the Army. Progress will be made towards completion of the requirements of volunteer corps in the matter of buildings and rifle ranges. The remaining original works include roads, buildings for troops, buildings for a medical store depot at Calcutta, buildings for a young stock run and depot at Sargodha, and provide for the ordinary requirements of the Ordnance, Marine and Army Clothing Departments and of the Supply and Transport Corps.

20. Provision is made for 205 new major works and schemes, of which 73 are in progress and 132 have yet to be commenced. A sum of R7,00,000 (£46,600) is allotted to minor works, each costing over R2,500.

IV.—47—Special Defences.

21. Including English expenditure, the Budget Estimate for 1905-1906 was ₹37,98,000 (£253,200). The Revised Estimate of expenditure is taken at ₹28,81,000 (£192,000).

22. The Budget Estimate for 1906-1907, including English expenditure, is ₹34,73,000 (£231,500).

Marine Estimates.**HOME AND INDIAN.***Revised Estimates, 1905-1906.*

23. The total receipts in the Budget for 1905-1906 were ₹22,78,000 (£151,866) and the Revised Estimate stands at ₹18,00,000 (£120,000) showing a decrease of ₹4,78,000 (£31,866).

Comparison—
 Revised for 1905-1906.
 Budget for 1905-1906.

The decrease is chiefly due to falling off in receipts owing to less work done for and stores supplied to the Royal Navy and other Departments. A change in the method of adjusting recoveries on account of the employment of Royal Indian Marine vessels in carrying out the triennial reliefs of the five Native Indian Regiments on colonial garrison duty under the Imperial Government, has also contributed towards reducing the receipts which would otherwise have actually accrued to the Royal Indian Marine in 1905-1906. By this change which has been introduced from 1st April 1905, the liability of His Majesty's Imperial Government will be met by the payment of a capitation rate which, as at present arranged, will be wholly treated as military receipts in India.

24. The total expenditure provided for in the Budget for 1905-1906 was ₹82,19,020 (£547,935) but the Revised Estimate stands at ₹78,54,000 (£523,600), showing a decrease of ₹3,65,020 (£24,335). The decrease is chiefly due to less expenditure incurred than was provided for the construction of a new vessel to replace the "Canning."

Estimates, 1906-1907.

25. The total receipts for 1906-1907 are ₹21,45,200 (£143,013) against ₹22,78,000 (£151,866), the total of the Budget for 1905-1906, showing a decrease of ₹1,32,800 (£8,853).

Comparison—
 Budget for 1905-1906.
 Estimates for 1906-1907.

The decrease is chiefly due to less recoveries being anticipated on account of dockyard services and supplies.

26. The total expenditure for 1906-1907 is ₹89,09,300 (£593,953) against ₹82,19,020 (£547,935), the total of the Budget for 1905-1906 showing an increase of ₹6,90,280 (£46,018). This is chiefly due to large expenditure on stores in India and to the construction of new vessels at Home, to replace the "Canning" and "Nancowry." These increases are partly counterbalanced by savings in other directions.

27. In order to accelerate the promotion of officers of the R. I. M. the establishment of 1st and 2nd grade commanders has been increased from 7 to 8 and from 9 to 10 respectively.

The appointments of Marine Transport Officer, Mandalay, Superintending Engineer, Mandalay, Assistant to the Superintending Engineer, Burma, and Engineer and Harbour Master, Port Blair, have been reserved for officers of the R. I. M. The reservation of the appointment of Port Officer, Chittagong, for officers of the R. I. M., has also been recommended to the Secretary of State.

In addition to their usual trooping work, the R. I. M. vessels "Hardinge" and "Dufferin" were employed to convey troops between India and China. The "Dufferin" was also used to convey H. E. Lord Curzon and party to Suez. A vessel is under construction in England for use as a troopship in replacement of the R. I. M. S. "Canning." The cost will be £187,000, of which amount £72,000 has been spent this year and the balance £115,000 provided in the estimates of 1906-1907.

*General
remarks.*

The R. I. M. S. "Investigator" has been employed during the past season on surveying work in the Persian Gulf and at Aden, while the "Nancowry" has been engaged in a survey of the Andamans. Arrangements are being made to replace the above vessels which are out of date.

C. H. SCOTT.

March 21st, 1906.

APPENDIX III.

Memorandum by the Railway Board

ON THE

Results of Indian Railway working 1905-1906 and proposals for 1906-1907.

The results of working of Indian Railways for the year 1905-1906 show larger gross receipts and larger revenue expenditure than in any previous year.

The estimated net surplus Revenue after paying all charges including interest is three crores three lakhs and eighty-three thousand (£2,025,600).

CAPITAL EXPENDITURE.

The Capital expenditure during the year 1905-1906 will amount to twelve crores fifty lakhs (£8,333,000) being about two crores in excess of the expenditure for the year 1904-1905.

For the year 1906-1907 these figures have been largely increased. The estimate provides for spending a sum of 15 crores (£10,000,000), an increase of 20 per cent. on the provision of last year.

Under the head of lines already open, including the provision of additional rolling stock, the amount expended in 1905-1906 will be 726 lakhs (£4,840,000), showing an advance of about 224 lakhs over the expenditure under the same head for the previous year.

Under the same heads in 1906-1907 provision is made for 891 lakhs (£5,940,000), an increase of about 23 per cent.

A comparison, showing capital expenditure for 1906-1907 and the previous five years, is contained in the following statement:—

	Lines already open including additional rolling stock.	LINES UNDER CONSTRUCTION.		Total.	'Equivalent in sterling.
		Started in previous years.	Started in current year.		
	Lakhs.	Lakhs.	Lakhs.	Lakhs.	£
1901-1902 (actual expenditure)	5,52.58	5,09.06	25.64	8,87.28	5,915,199
1902-1903 (" ")	4,81.74	4,52.50	71.52	10,05.76	6,705,064
1903-1904 (" ")	5,58.77	3,13.68	84.62	9,57.07	6,380,468
1904-1905 (" ")	5,02.76	4,86.91	88.62	10,78.29	7,188,600
1905-1906 (latest grants)	7,26.63	4,81.04	42.33	12,50.00	8,333,334
1906-1907 (proposed grants)	8,91.09	5,38.91	70.00	15,00.00	10,000,000

The information showing in detail how the expenditure in 1905-1906 and 1906-1907 will be distributed is contained in statement A attached to this memorandum.

Under the order of the Secretary of State a programme has been submitted to him for expenditure on Railways during the next three years.

This "triennial programme," as it is called, has been definitely agreed to by the Secretary of State for the year 1906-1907 and provisionally approved for the remaining two years.

The year 1906-1907 is the first year this arrangement will come into operation. The object aimed at is to enable a Railway Programme, extending over a reasonable period, being made out under as fixed conditions, for new Railways and additions to existing ones, as Indian Finance will permit, and also to secure a definite continuity of Railway Policy, and the Railway Board have every hope that the funds required to meet the expenditure of 15 crores per annum for the next three years will be duly provided.

The mileage of lines of all gauges open to traffic on 1st April 1905 was 27,728, and under construction, 2,344; on 1st April 1906 there will be 28,684 open and 1,959 under construction.

At the end of the coming year there will be 1,509 miles under construction among which will be twelve new projects.

RAILWAY REVENUE ACCOUNT.

The Railways of India, taken as a whole, have for a succession of years shown at balance to the credit of general revenues, after allowing for working expenses, interest

FINANCIAL STATEMENT OF THE

on capital expended, charges for annuities in redemption of capital and miscellaneous railway expenditure. The following table shows the approximate figures for 1905-1906 compared with the actual results for the previous five years:—

(Figures in rupees omitting 000.)

	Gross receipts.	Working expenses.	Interest charges, etc.	Surplus of Revenue over expenditure.	Equivalent in sterling.
	R	R	R	R	£
<i>Actuals—</i>					
1900-1901 . . .	27,44,04	12,69,86	14,25,41	48,77	325,100
1901-1902 . . .	30,33,90	14,23,85	14,83,06	1,26,99	846,600
1902-1903 . . .	30,20,08	14,74,08	15,11,66	34,34	228,900
1903-1904 . . .	32,33,68	15,56,72	15,47,86	1,29,10	860,700
1904-1905 . . .	36,03,37	16,94,32	15,93,23	3,15,82	2,105,500
<i>Estimate—</i>					
1905-1906 . . .	36,98,72	17,44,54	16,50,35	3,03,83	2,025,600

Compared with the results of the previous year the figures for 1905-1906 show a falling off of Rs. 11,99,000 (£79,900). The receipts are more by Rs. 95,35,000 (£635,700) but the working expenses are higher by Rs. 50,22,000 (£334,800) while interest charges, etc., have increased by Rs. 57,12,000 (£380,800).

GROSS RECEIPTS.

In 1904-1905 traffic conditions were exceptionally favourable on all the larger railway systems. Pilgrim, grain and coal traffic accounted for a large increase on the East Indian railway, the recently completed irrigation works in the Punjab rendered possible the heavy export traffic in wheat *via* Karachi resulting in an extraordinary increase on the North Western railway, while the earnings of the Great Indian Peninsula, Rajputana-Malwa, and Bengal-Nagpur railways were also affected by favourable crops. During the current year, while there has been a considerable falling off in grain and seed traffic on the North Western railway, and the East Indian railway earnings were practically stationary, the earnings from the other three above-mentioned railways show still better results owing to further development of cotton, grain and specially coal traffic. The following are the principal differences resulting in the net increase of Rs. 95,35,000 in gross receipts:—

	Rs.
<i>Increases.</i>	
Bengal-Nagpur	56,65,000
Great Indian Peninsula	32,55,000
Rajputana-Malwa	30,70,000
Other railways (net)	33,93,000
	<u>1,53,83,000</u>
<i>Decrease.</i>	
North Western	58,48,000
	<u>95,35,000</u>
Net Increase	

WORKING EXPENSES, INTEREST CHARGES, ETC.

The increase in working expenses during the year 1905-1906 is estimated to amount to Rs. 50,22,000 (£334,800.) This increase to a large extent is due to increased traffic on certain lines of which the Bengal-Nagpur, Great Indian Peninsula and Rajputana-Malwa railways are the most prominent examples.

These three lines will have earned more than one crore of rupees (£665,700) in excess of their earnings during the previous year, and this increase in earnings necessitate increased working expenses.

There are, however, other causes which may increase both working expenses and interest charges in the future. The increase in working expenses should be to a considerable extent temporary; the increase in interest charges, however, will be permanent.

The causes are these—

Railways in India have now to run faster trains, provide better carriages, improve the conditions under which third class passengers are carried, introduce a more elaborate system of signalling, and generally conduct their business under more up to date methods than were in use in the past.

Some of these improvements will lead to increased revenue. Some will not, but have to be provided to meet the public demands.

The cost of many of these improvements being in the nature of renewals has to fall to a considerable extent on revenue.

During the period this raising of the standard is being carried out working expenses must rise, though in the end under some items more economical working should be secured.

Again it is generally admitted that there is economy in Railway working in hauling heavy train loads. To enable heavy train loads to be hauled the permanent way of railways has to be improved, and girders strengthened. Most lines now when making branches wish to use their light main line rails in these branches and renew the main line with heavier rails.

This is a sound business arrangement, but carrying out the policy indicated means that Revenue has to renew before the rail itself is nearly worn out. The result is increased debits to Revenue for a time causing increased working expenses. The Board hope that a practical solution may be found to meet this difficulty, so that working expenses may be steadied and not liable to unnecessary fluctuations.

The results of improvement in the standard of permanent way carrying with it the capacity to haul heavier loads will well repay the expenditure by ultimate reduction in cost of haulage.

NEW LINES TO BE CONSTRUCTED.

The new lines, the construction of which is to be commenced during 1906-1907, are:—

No.	Railway.	Gauge.	Probable length, miles.
(i) State, by State Agency.			
1	Bombay—Sind connection	5' 6"	295
Eastern Bengal—			
2	Lalgola-Gherria	5' 6"	13
North-Western—			
3	Jhang-Chiniot-Sangla	5' 6"	70
4	Lodhran-Khanewal	5' 6"	55
5	Shorkot Road-Chichoki	5' 6"	130
6	Thal-Parachinar	5' 6"	55
7	Kohat-Thal (conversion from the 2' 6" gauge, not resulting in increased open mileage)	5' 6"	62
(ii) State, by Agency of Companies.			
Assam-Bengal—			
8	Kalaura-Sylhet	3' 3½"	31
Burma—			
9	Daga-Naikban	3' 3½"	69
East Indian—			
10	Katwa-Azimganj-Barharwa	5' 6"	103
(iii) From Capital of Companies.			
Bengal-Nagpur—			
11	Vizianagram-Raipur	5' 6"	310
(iv) From Capital of Local Boards.			
12	Kurnool-Dhone	3' 3½"	32

OPEN LINE REQUIREMENTS.

In dealing with the Capital funds available for expenditure on railways the Railway Board have given due consideration to the demands of open lines for the provision of additional facilities required by a growing trade.

For improving railway working there are demands of high importance for doubling existing lines, additional crossing stations, improved signalling, improvement of railway workshops, more staff quarters and the general provision of facilities of smaller character required to enable Railways to deal more expeditiously with their traffic.

The total amount allotted during 1906-1907 to open lines, viz., 891 lakhs (£5,940,000) out of a total for the year of 1,500 lakhs (£10,000,000) has been divided between general open line requirements and additional rolling stock approximately as follows:—

		Lakhs.
1906-1907	{ Open line requirements	509
	{ Rolling stock	382

This shows a considerable increase over 1905-1906, the figures for which were as follows:—

						Lakhs.
1905-1906	{	Open line requirements	:	:	:	452
	{	Rolling stock	:	:	:	274

ROLLING STOCK.

The question of what is a sufficiency of rolling stock on a railway is one about which there is considerable difference of opinion. If railways are to be worked commercially, their interests have to be considered. It is sometimes argued that it is in the interest of the railway to always be able to carry *all* traffic offering at *all* times.

To provide for a maximum demand for transport for a short period would necessitate a very large amount of extra rolling stock being kept to meet this exceptional demand. This rolling stock would lie idle for considerable periods and be a burden on the capital cost of the line.

In most countries of the world, especially in America, where a large export grain, seeds and coal business is done, there is shortness in the supply of rolling stock at certain times and during unusual briskness of trade.

On this important question, the Railway Board are of the opinion that Indian Railways as a whole are at present below what should be the standard of equipment of rolling stock, for present requirements. Since the Board was formed they have taken steps to improve this standard and will continue to do so to meet future developments of trade.

For the year 1906-1907 the sum of three crores eighty-two lakhs has been provided for new rolling stock, being an excess of one crore eight lakhs over the provision for 1905-1906.

The stock now under indent consists of heavier engines and higher capacity vehicles. This represents a considerable increase in power of transportation beyond that indicated by the actual numbers added.

Some of the restrictions on axle loads in existing stock have also been relaxed, which has permitted existing wagons being more heavily loaded.

THIRD CLASS PASSENGER TRAFFIC.

The question of improving the comfort and convenience of third class passenger traffic is a matter the Railway Board have been devoting considerable attention to during the past year.

More third class rolling stock is undoubtedly required.

Provision has, as far as practicable, been made for this during the year 1906-1907, the number sanctioned being double that supplied in 1905-1906.

The additional stock to be supplied during the ensuing year will be of a better type than formerly. The carriages will be of a large size, better lighted and be supplied with latrine accommodation. The stock being built for renewals is also of this higher standard.

Steps will be taken during the ensuing year to develop more rapidly the system of communication between passengers and guards and drivers of trains, the system being applied to third class carriages equally with those of the higher classes.

The Board would also note that in response to their representations, the various Railway Administrations are paying attention to the general convenience of third class passengers in taking tickets, avoiding crushes on platforms, and overcrowding in carriages, but much more remains to be done. The Board hope that this will induce larger numbers to travel and thus lead to improved receipts from this valuable class of traffic.

GENERAL.

During 1905 the Railway Board authorized a substantial reduction in the minimum rate for the carriage of coal. Railways, however, are moving cautiously in taking advantage of this reduction, but the Board feel sure the final result must be a large increase in the coal business and a general stimulus to industries situated far from their coal supply.

Attention is invited to statements B and C accompanying this memorandum, which contain information of interest.

F. R. UPCOTT, *Chairman.*

W. H. WOOD, }
T. R. WYNNE, } *Members.*

The 21st March 1906.

STATEMENT A IN APPENDIX III.

STATEMENT

OF

Anticipated Capital Expenditure on Railways, Open and under Construction
for the year 1906-1907.

Branch lines under rebate terms are excluded.

FINANCIAL STATEMENT OF THE CAPITAL EXPENDITURE ON RAILWAYS, 1906-1907.

(Figures in lakhs and decimals of lakhs.)

No.	RAILWAY.	Grants allotted for 1905-1906.	Distribution of grants during 1906-1907.
A.—OPEN LINES.			
I. (i)—STATE, BY STATE AGENCY.			
		₹	₹
1	Eastern Bengal— Main line	(a) 125'65	38'06
2	Canal Junction-Kakurgachi duplicating	0'95	} 1'90
3	Kakurgachi chord	2'10	
4	Kasipur-Chitpur improvements	1'10	
5	Kaunia-Bonarpura	4'85	3'86
6	Jodhpur-Hyderabad (British section)	0'32	0'30
7	Oudh and Rohilkhand— Main line	31'16	22'00
8	Allahabad-Fyzabad, Ganges Bridge	—1'48	...
9	North Western— Main line	131'29	150'50
10	Peshawar Railway Reserve	—2'89	...
11	Rohri-Samaita doubling	65'50	59'50
12	Warora Colliery	—0'95	—0'20
13	Purchase of Kalka-Simla Ry.	...	45'00
Total Open Lines, State, by State Agency		357'60	322'22
I. (ii)—STATE, BY AGENCY OF COMPANIES.			
14	Assam-Bengal ^a	(b) 37'17	15'00
15	Bengal and North-Western— Tirhoot	15'20	20'00
16	Sakri-Jainagar	...	1'00
17	Bombay, Baroda and Central India— Main line	(c) 160'48	10'00
18	Palanpur-Deesa	0'01	0'03
19	Rajputana-Malwa	20'64	30'00
20	Rewari-Phulera	7'44	2'90
21	East Indian— Main line	89'00	122'00
22	Agra Junction-Belinganj	6'00	6'00
23	Great Indian Peninsula— Main line	58'82	78'00
24	Agra-Delhi chord	10'93	1'20
25	Bhopal-Itarsi (British section)	0'60	2'00
26	Lonavla-Poona doubling	...	5'00
27	Madras— Nilgiri	1'90	1'80
28	North-East line (East Coast)	7'00	20'00
29	Nizam's Guaranteed State— Bezwada extension	0'04	0'03
30	South Indian— Main line	17'75	27'50
31	Travancore branch (Native State section)	0'82	2'00
32	„ „ (British section)	0'27	1'00
33	Southern Mahratta— Guntakal-Mysore Frontier	0'08	0'10
Total Open Lines, State, by Agency of Companies		434'15	345'56

(a) Includes ₹77'62 advanced to the Bengal Central Railway Company up to 30th June 1905, transferred from "Capital of Indian Railway Companies."

(b) Includes ₹17'25 for purchase of Noakhali Railway.

(c) Includes ₹155'48 advanced to and overdrawn by the Company up to 31st December 1905, transferred from "Guaranteed Companies."

CAPITAL EXPENDITURE ON RAILWAYS, 1906-1907—*contd.*

(Figures in lakhs and decimals of lakhs.)

No.	RAILWAY.	Grants allotted for 1905-1906.	Distribution of grants during 1906-1907.
	A.—OPEN LINES—<i>concl'd.</i>	₹	₹
	II.—FROM CAPITAL OF OLD GUARANTEED COMPANIES.		
34	Bombay, Baroda and Central India	(a) —1,48.73	...
	Madras—		
35	Main line	16.02	32.60
36	Calicut-Azhikal	0.30	0.40
	Total Open Lines, old Guaranteed Companies .	—1,32.41	33.00
	III.—FROM CAPITAL OF COMPANIES OTHER THAN OLD GUARANTEED COMPANIES.		
37	Assam-Bengal	—0.17	...
38	Bengal Central	(b) —77.54	...
	Bengal-Nagpur—		
39	Main line	6.27	17.00
40	Midnapur-Jherriah	82.19	100.00
41	Satpura (Jubbulpur-Gondia)		
42	Sini-Midnapur-Cuttack-Calcutta		
	Burma—		
43	Main line	24.07	29.00
44	Hlawga-Letpadan doubling	...	6.00
45	Thingangyun-Pegu doubling	...	
	Great Indian Peninsula—		
46	Indian Midland	10.30	22.70
47	Bhopal-Dewanganj doublin	...	4.00
	Rohilkhand and Kumaon—		
48	Lucknow-Bareilly	2.08	3.00
	Southern Mahratta—		
49	Main line	18.51	6.00
50	Mysore Section	1.53	2.31
	Total Open Lines, other Companies .	67.24	190.01
	IV.—FROM CAPITAL OF BRANCH LINE COMPANIES WITH FIRM GUARANTEE.		
51	Hardwar-Dehra	0.05	0.30
	Total Open Lines, Branch Line Companies .	0.05	0.30

(a) Includes credit of ₹155.48 representing advances to and overdrafts by Company up to 31st December 1905, transferred to "State Railways."

(b) Includes credit of ₹77.62 representing advances to Company on 30th June 1905 transferred to "State Railways."

FINANCIAL STATEMENT OF THE CAPITAL EXPENDITURE ON RAILWAYS, 1906-1907—*contd.*

(Figures in lakhs and decimals of lakhs.)

No.	RAILWAY.	Length.	Amount of estimate or approximate cost.	Outlay to end of 1904-1905.	Grants allotted during 1905-1906.	Distribution of grants during 1906-1907.
		Miles.	R	R	R	R
	B.—CONSTRUCTION OF LINES.					
	I. (i)—STATE, BY STATE AGENCY.					
	<i>Lines in Progress.</i>					
52	Coonoor-Ootacamund	12	24'40	2'35	6'86	9'00
	Eastern Bengal—					
53	Golakganj-Gauhati	151	93'26	34'02	22'13	13'40
54	Forbesganj-Nepal Frontier	6'5	2'22	...	0'70	1'40
	Nagda-Muttra—					
55	Main line	344	298'11	7'29	73'19	141'00
56	Baran-Kotah	40	37'59	...	1'00	10'00
	North-Western—					
57	Khushalgarh-Kohat conversion and Indus Bridge	33	24'45	1'51	15'63	3'00
58	Quetta-Nushki	83	90'06	69'61	16'45	1'47
59	Sargoda-Shorkot Road (Jech Doab)	103	71'59	44'96	18'84	3'00
60	Shahdara-Sangla	55	28'29	4'19	16'16	5'50
61	Shilman Branch	23	50'43	...	7'75	35'00
	Oudh and Rohilkhand—					
62	Allahabad-Jaunpur	58	33'04	6'10	19'00	4'00
	Ranaghat-Katihar—					
	Katihar-Godagari	105	104'86	6'35	31'89	47'00
64	Ranaghat-Murshidabad-Lalgola	98	105'53	73'19	14'09	6'00
	<i>New Lines.</i>					
65	Bombay-Sind connection	295	211'00	...	...	3'00
	Eastern-Bengal—					
66	Lalgola-Gherriah	13'47	9'19	...	...	6'00
	North-Western—					
67	Jhang-Chiniot-Sangla	70	35'00	...	...	7'00
68	Lodhran-Khanewal	57	45'15	...	...	7'00
69	Shorkot Road-Chichoki	130	81'34	...	...	10'00
70	Thal-Parachinar	60	85'22	...	...	} 7'00
71	Kohat-Thal conversion	57	30'32	...	...	
	TOTAL	...	...	249'57	243'69	319'77

CAPITAL EXPENDITURE ON RAILWAYS, 1906-1907—*contd.*

(Figures in lakhs and decimals of lakhs.)

No.	RAILWAY.	Length.	Amount of estimate or approximate cost.	Outlay to end of 1904-1905.	Grants allotted during 1905-1906.	Distribution of grants during 1906-1907.
		Miles.	₹	₹	₹	₹
B.—CONSTRUCTION OF LINES—<i>concl'd.</i>						
I. (ii)—STATE, BY AGENCY OF COMPANIES.						
<i>Lines in Progress.</i>						
72	Assam Bengal— Akhaura-Bhairab Bazar	19	12'20	...	1'77	4'97
73	Bengal and North-Western— Tirhoot extensions	209	114'80	40'60	37'50	24'00
74	Burma— Henzada-Kyangin	66	54'59	31'07	52'06	51'00
75	Pegu-Moulmein	122	112'88			
76	East Indian— Bhagalpur-Bausi	31	23'31	...	5'00	10'00
77	Gya-Barakar	148	206'81	131'40	60'00	15'00
78	Hooghly-Katwa	65	58'46	...	3'00	10'00
79	Khurja-Hapur	39	26'08	5'09	11'00	7'00
80	Ondal-Sainthia	45	43'55	16'57	23'50	4'00
81	Shikohabad-Farakhabad	66	53'83	32'00	15'00	...
82	Great Indian Peninsula— Harbour Branch	8	45'60	...	9'94	20'00
83	Warora-Bellarpur	38	31'94	8'26	8'40	6'67
84	Madras— Azhikal-Mangalore	77	129'05	77'64	29'85	16'00
85	South Indian— Rameswaram Extension	12	35'19	0'97	3'62	20'50
<i>New Lines.</i>						
86	Assam Bengal— Kalaura-Sylhet	31	22'06	...	...	6'00
87	Burma— Daga-Naikban	69	50'00	...	...	6'00
88	East Indian— Katwa-Azinganj-Barharwa	103	86'37	...	...	3'00
TOTAL .		...	...	343'60	260'64	204'14
II.—FROM CAPITAL OF OLD GUARANTEED COMPANIES						
III.—FROM CAPITAL OF COMPANIES OTHER THAN OLD GUARANTEED COMPANIES.						
<i>Lines in Progress.</i>						
89	Bengal-Nagpur— Gondia-Chanda	212	89'34	...	4'34	41'00
90	Pench Valley	29	16'53	1'87	5'87	3'00
91	Purulia-Ranchi	72	39'83	...	4'83	20'00
<i>New Lines.</i>						
92	Bengal-Nagpur— Vizianagram-Raipur	311	250'42	...	...	8'00
TOTAL .		...	...	1'87	15'04	72'00
IV.—FROM CAPITAL OF BRANCH LINE COMPANIES WITH FIRM GUARANTEE						
V.—FROM CAPITAL OF LOCAL BOARDS.						
<i>Lines in Progress.</i>						
93	Bezwada-Masulipatam	50	24'25	...	4'00	6'00
<i>New Lines.</i>						
94	Dhone-Kurnool	32	7'11	...	...	7'00
TOTAL .		...	...	...	4'00	13'00

FINANCIAL STATEMENT OF THE CAPITAL EXPENDITURE ON RAILWAYS, 1906-1907—concl'd.

(Figures in lakhs and decimals of lakhs.)

No.	RAILWAY.	Distribution of grants for 1906-1907.	
ABSTRACT BY OPEN LINES AND CONSTRUCTION.		₹	₹
A.—CAPITAL FOR OPEN LINES.			
I. (i) State, by State agency		322'22	
I. (ii) State, by agency of Companies		345'56	
II. Old Guaranteed Companies		33'00	
III. Other Companies		190'01	
IV. Branch Line Companies		0'30	
TOTAL OPEN LINES			891'09
B.—CAPITAL FOR LINES IN PROGRESS AND NEW LINES.			
I. (i) State, by State agency		319'77	
I. (ii) State, by agency of Companies		204'14	
II. Old Guaranteed Companies		...	
III. Other Companies		72'00	
IV. Branch Line Companies		...	
V. Local Boards		13'00	
TOTAL LINES IN PROGRESS AND NEW LINES			608'91
GRAND TOTAL			1500'00
ABSTRACT SHOWING DISTRIBUTION BY FUNDS.			
I.—From Imperial Funds.	(i) State, by State agency	(a) Open Lines	322'22
		(b) Construction	319'77
	Total (i)		641'99
	(ii) State, by agency of Companies	(a) Open Lines	345'56
		(b) Construction	204'14
	Total (ii)		549'70
	TOTAL I		1191'69
	II.—From Capital of old Guaranteed Companies.	(a) Open Lines	33'00
		(b) Construction	...
	TOTAL II		33'00
III.—From Capital of Companies other than old Guaranteed Companies.	(a) Open Lines	190'01	
	(b) Construction	72'00	
TOTAL III		262'01	
IV.—From Capital of Branch Line Companies with firm Guarantee.	(a) Open Lines	0'30	
	(b) Construction	...	
TOTAL IV		0'30	
V.—From Capital of Local Boards.	(a) Open Lines	...	
	(b) Construction	13'00	
TOTAL V		13'00	
TOTAL, I TO V	(a) Open Lines	891'09	
	(b) Construction	608'91	
GRAND TOTAL		1500'00	

STATEMENT B IN APPENDIX III.

Statement showing proposed lines which are under negotiation for construction by private Companies.

No.	NAME OF RAILWAY.	Length.	Estimated cost.	
		Miles.	Rs.	
	<i>Bengal—</i>			
1	Panchkura to Luff Point with terminal and loading arrangements for ships or steamers at the latter place	30	(a)	
	<i>Bombay—</i>			
2	Aden to Nobat Dakim (or Sheikh Othman and D'thala)	(b) 40	Not stated	
3	Dholka-Dhandhuka	40	Do.	
4	Dhandhuka-Ranpur	18	Do.	This is a tramway.
5	Idar Road to Bramhakhed	32	Do.	
	<i>Eastern Bengal and Assam—</i>			
6	Borjan to Suntak	8	2,70,000	This is a tramway.
7	Mymensingh, via Netrokona, to Bara-Ari, with branch from Shambhuganj to Gauripur . . .	36	22,16,000	
8	Singhjani, via Sherpur, to Nalitabari	25	12,39,000	
9	Sirajganj-Ullapara	18	11,00,000	
	<i>Madras—</i>			
10	Tinnevely-Tiruchendur	38	20,52,000	
	<i>Punjab—</i>			
11	Rawalpindi-Murree, with extensions to Kuldana and Gharial	40	36,89,000	

(a) The share capital of the proposed company is £250,000, which, at Rs15=71, is equivalent to Rs37,50,000.
(b) Represents the distance between Aden and Nobat Dakim, via Lahej. The length of the alternative line is not stated.

STATEMENT C IN APPENDIX III.

Memorandum on the Construction of Railways.

Open lines on 1st April 1905.

	Miles.	Miles.
(i) Eastern Bengal	278.68	4,629.29
North Western	3,185.56	
Oudh and Rohilkhand	1,165.05	
(ii) Agra-Delhi Chord (c)	119.94	6,946.33
Bengal Central (d)	127.69	
Bengal-Nagpur	1,695.67	
Bezawada Extension (e)	20.58	
Bhopal-Itarsi (British section) (c)	13.11	
East Indian	1,962.25	
Godhra-Rutlam-Nagda (f)	141.14	
Great Indian Peninsula	1,561.63	
Indian Midland (c)	807.13	
Madras (North-East line) (g)	497.19	
(iii) Bombay, Baroda and Central India	504.35	1,408.36
Madras	904.01	
(iv) Hardwar-Dehra (j)	78.76	32.04
South Behar (k)	425.33	
(v) Southern Punjab (l)	155.48	659.57
Tapti Valley (f)	155.48	
(vi) A. Delhi-Umballa-Kalka (k)	162.36	22.23
B. Tarkessar (k)	162.36	
(vii) Bhopal-Itarsi (Native State section) (c)	44.28	709.93
Bhopal-Ujjain (c)	113.27	
Bina-Goonna-Baran (c)	145.63	
Kolar Gold-fields (g)	9.88	
Nagda-Ujjain (f)	34.32	
Nizam's Guaranteed State	330.13	
Petlad-Cambay (Anand-Tarapur section) (f)	21.50	
Petlad-Cambay (Tarapur-Cambay section) (f)	10.92	
Jammu and Kashmir (Native State section) (l)	15.99	
Ludhiana-Dhuri-Jakhal (l)	78.66	
Rajputana-Bhatinda (l)	107.05	201.70
(viii) Cawnpore-Burhwal (Mekong gauge link)	79.60	
(ix) Eastern Bengal—		772.23
Dacca section	85.92	
Northern, Behar and Kaunia-Dhubri sections		7,354.41
(including the Ranaghat-Krishnagar and Teesta-Kurigram branches and the British section of the Santrabari extension)	606.71	
Assam-Bengal	740.38	
Burma	1,340.15	
Guntakal-Mysore frontier (n)	119.50	
Jodhpur-Hyderabad (British section) (o)	123.98	
Lucknow-Bareilly (p)	237.04	
Mysore section (Southern Mahratta) (n)	296.22	
Nilgiri (g)	16.99	
Palampur-Deesa (f)	17.28	
Rajputana-Malwa (f)	1,681.85	1,023.15
South Indian	1,123.13	
Southern Mahratta	1,042.04	
Tinnevely-Quilon (Travancore) (British section) (r)	50.40	
Tirhoot (j)	565.45	
(x) Tanjore District Board (r)	33.50	
Ahmedabad-Dholka (f)	54.70	
Ahmedabad-Parantij (f)	51.37	
Mymensingh-Jamalpur-Jagannathganj (i)	34.90	
Noakhali (Bengal) (u)	53.92	
(xi) A. Rohilkund and Kumaon	77.50	36.40
B. Dibru-Sadiya	77.50	
(xii) C. Bengal-Dooars	901.80	1,023.15
D. Bengal and North-Western	116.56	
Bengal Dooars Extensions	4.79	8.50
Deoghur	334.19	
(xiii) Ledo and Tikak-Margherita (v)	243.35	1,321.74
Bhavnagar-Gondal-Junagad-Forbandar	20.83	
Bikaner	54.22	
Dhrangadra (x)	46.21	
Jamnagar (x)	463.89	
Jetalpur-Rajkot (x)	89.75	
Jodhpur	67.30	
Morvi	87.92	
Udaipur-Chitor	92.63	
(xiv) A. Birur-Shimoga (n)	51.25	782.20
Gaekwar's Mehsana (f)	391.13	
Hindupur (Yessvantpur-Mysore frontier) (n)	29.27	
Hyderabad-Godavari Valley (e)	15.80	
Kolhapur (n)	64.75	
Mysore-Nanjangud (n)	57.98	
Shoranur-Cochin (g)	41.37	
Tinnevely-Quilon (Travancore) (Native State section) (r)	14.65	
Vijapur-Kalot-Kadi (f)	7.85	
(xv) Karaikkal-Peralam (r)	51.10	73.60
Pondicherry (r)	51.10	
West of India Portuguese (n)	6.18	168.41
Dandot Light (2' 0") (l)	36.25	
(xvi) Jorhat (2' 0")	91.73	270.01
Khushalgarh-Kohat-Thal (2' 6") (l)	40.25	
Nowshera-Durgai (2' 6") (l)	213.77	58.76
Jubbulpore-Gondia Extension (2' 6") (aa)	56.24	
Raipur-Dhamtari (2' 6") (aa)	51.00	
(xvii) A. Darjeeling-Himalayan (2' 0")	7.76	
Thaton-Duyinzak (2' 6")	26.06	
Baraset-Basirhat Light (2' 6")	18.50	
Bukhtiarpur-Bihar Light (2' 6")	37.19	
Howrah-Amra Light (2' 0")	19.75	
Howrah-Sheakhala Light (2' 0")	20.10	
Tezpur-Balipara Light (2' 6")	21.59	
(xviii) B. Bansi Light (2' 6")	59.44	120.53
Kalka-Simla (2' 6")	29.50	
C. Powayan Light (2' 6") (p)	94.49	33.27
Powayan Light (2' 6") (p)	183.53	
(xix) Tarakeswar-Magra Light (2' 6")	32.10	372.11
Gaekwar's Dabhol (2' 6") (f)	23.62	
(xx) A. Gwalior Light (2' 0") (c)	37.37	33.60
Mourbhanj (2' 6") (aa)	37.37	
Parlakimedi Light (2' 6") (aa)	37.37	33.60
Rajpipla (2' 6") (f)	37.37	
B. Cooch Behar (2' 6") (t)	37.37	

- (a) Includes 5.61 miles of military line not used for public traffic and 26.28 miles of mixed (5' 6" and 3' 3½") gauge line between Bhatinda and Kot Kapura, worked over by the North Western State and Rajputana-Malwa railways.
- (b) Includes 16.79 miles of mixed (5' 6" and 3' 3½") gauge line between Burhwal and Bara Banki, 0.59 mile on the Cawnpore Bridge and 1.81 miles of 3' 3½" gauge line between the Oudh and Rohilkhand State Railway Cantonment and the Bengal and North-Western Railway City stations at Benares.
- (c) Worked by the Great Indian Peninsula Railway Company.
- (d) Although for convenience classed amongst State railways, this line is the property of the Bengal Central Railway Company.
- (e) Worked by His Highness the Nizam's Guaranteed State Railways Company.
- (f) Worked by the Bombay, Baroda and Central India Railway Company.
- (g) Worked by the Madras Railway Company.
- (h) Includes 2.66 miles of mixed (5' 6" and 3' 3½") gauge line between Bezawada and Kistna Block hut and 0.51 mile of 3' 3½" gauge line between Kistna Block hut and Tadepalli.
- (i) Includes 39.23 miles of 3' 3½" gauge line between Viramgam and Wadhwan.
- (j) Worked by the Oudh and Rohilkhand State railway.
- (k) Worked by the East Indian Railway Company.
- (l) Worked by the North Western State railway.

At the commencement of 1905-1906, i.e., on the 1st April 1905, the total length of railways open for traffic was 27,727.68 miles, made up as follows:—

5' 6" gauge—	Miles.	Miles.
(i) State lines worked by the State	4,629.29	911.63
(ii) State lines worked by companies	6,946.33	
(iii) Companies' lines guaranteed by Government under the old contracts	1,408.36	
(iv) Companies' lines guaranteed by Government under modern contracts	32.04	
(v) Branch line companies' railways assisted by Government under "Rebate" terms	659.57	
(vi) Assisted companies' lines—		
A. Subsidized by the Government of India	162.36	184.59
B. Receiving land only from Government	22.23	
(vii) Native State lines—		709.93
A. Worked by companies	709.93	
B. Worked by State railway agency	201.70	14,771.81
3' 3½" gauge—		
(viii) State lines worked by the State	772.23	99.46
(ix) State lines worked by companies	7,354.41	
(x) District Boards' lines	99.46	174.47
(xi) Branch line companies' railways assisted by Government under "Rebate" terms	174.47	
(xii) Assisted companies' lines—		1,190.97
A. Subsidized by the Government of India	53.92	
B. Subsidized by Local Governments	77.50	36.40
C. Subsidized by District Boards	36.40	
D. Receiving land only from Government	1,023.15	8.50
(xiii) Unassisted companies' lines	1,190.97	
(xiv) Native State lines—		782.20
A. Worked by Native States	1,321.74	
B. Worked by companies	782.20	2,103.94
(xv) Lines in Foreign Territory	73.60	
Special (2' 6" and 2' 0") gauges—		11,777.58
(xvi) State lines worked by the State	168.41	
(xvii) State lines worked by companies	270.01	405.71
(xviii) Assisted companies' lines—		
A. Subsidized by Local Governments	58.76	121.60
B. Subsidized by District Boards	121.60	
C. Receiving land only from Government	120.53	300.89
(xix) Unassisted companies' lines	33.27	
(xx) Native State lines—		372.11
A. Worked by companies	372.11	
B. Worked by State railway agency	33.60	405.71
TOTAL	27,727.68	

- (m) Excludes 3.66 miles of the Lucknow-Bareilly railway between Aishbagh and Daliganj, worked over, but includes 16.79 miles of mixed (5' 6" and 3' 3½") gauge line between Burhwal and Bara Banki and 0.59 mile of the Oudh and Rohilkhand State railway on the Cawnpore bridge.
- (n) Worked by the Southern Mahratta Railway Company.
- (o) Worked by the Jodhpur-Bikaner railway.
- (p) Worked by the Rohilkund and Kumaon Railway Company.
- (q) Includes 2.10 miles at Ujjain, 3.07 miles between Agra Cantonment and Jumna East Bank and 0.94 mile between Lahori Gate Cabin and Brewery Cabin, Delhi, laid on the 5' 6" gauge, and 26.28 miles of mixed (5' 6" and 3' 3½") gauge line between Kot-Kapura and Bhatinda, worked over by the Rajputana-Malwa and North Western State railways.
- (r) *Worked by the South Indian Railway Company.
- (s) Worked by the Bengal and North-Western Railway Company.
- (t) Worked by the Eastern Bengal State railway.
- (u) Worked by the Assam-Bengal Railway Company.
- (v) Worked by the Assam Railways and Trading Company.
- (w) Includes 5.23 miles of Bhavnagar Dock estates and Junagad quarry lines.
- (x) Worked by the Bhavnagar-Gondal-Junagad-Forbandar railway.
- (y) Includes 3.93 miles of the Bedi Bandar Dock estate lines.
- (z) Includes 16.75 miles of 2' 6" gauge line between Vankaner and Morvi.
- (aa) Worked by the Bengal-Nagpur Railway Company.

And the mileage under construction or sanctioned for construction on the same date, *viz.*, 1st April 1905, was 3,186·80 miles, as follows :—

	Miles.	Miles.
<i>5' 6" gauge—</i>		
(i) State lines worked by the State	546·44	
(ii) State lines worked by companies	476·48	
(iii) Branch line companies' railways assisted by Government under "Rebate" terms	154·00	
(iv) Native State line worked by Company	1·39	
		1,178·31

3' 3½" gauge—

(v) State lines worked by the State	300·87	
(vi) State lines worked by companies	609·34	
(vii) District Boards' lines	5·53	
(viii) Assisted companies' lines—		
A. Subsidized by the Government of India	148·00	
B. Receiving land only from Government	116·94	
	264·94	
(ix) Native State lines worked by companies	72·85	
		1,253·53

Special (2' 6" and 2' 0") gauges—

(x) State lines worked by the State	6·80	
(xi) State lines worked by companies	325·52	
(xii) Assisted companies' lines—		
A. Subsidized by District Boards	105·50	
B. Receiving land only from Government	214·66	
	320·16	
(xiii) Native State lines—		
A. Worked by Native States	11·86	
B. Worked by companies	68·60	
C. Worked by State railway agency	22·02	
	102·48	
		754·96
		3,186·80

There was thus a grand total of railways completed and in hand, on the 1st April 1905, of miles 30,914·48

Lines under construction and sanctioned on 31st March 1905.

	Miles.	Miles.	Miles.
(i) Eastern Bengal—			
Kankurgachi Chord	2·25		
Panchooria to the river Ganges (a)	6·00		
Ranaghat to Lalga Ghat	97·50	105·75	
Nagda-Mutta (Southern section)—			
Nagda to the crossing of the Chambal river		141·52	
(ii) North Western—			
From a point 12 miles south of Quetta to			
Nushki	83·36		
Sargoda to Shorkot Road	103·14	241·67	
Shahdara to Sangla	55·17		
Oudh and Rohilkhand—			
Phaphaman to Zafarabad		57·50	
Azhikail-Mangalore		77·27	
Bengal-Nagpur—			
Bhojudih to Hariharpur	26·96		
Bhojudih to Parthadihi	2·28		
Malkera to Mohuda	3·40	32·64	
East Indian—			
Bhagalpur to Bausi	31·04		
Etamadpur chord	1·11		
Khurja to Hapur	39·19		
Mile 170½ from Howrah on the Jharla			
branch to Chandore	4·16	282·00	
Tasra siding	1·75		
Ondal to Sainthia	44·93		
Manpur to Dhanbaid	121·49	476·48	
Nagri to Kasunda	1·09		
Mainpuri to Farukhabad	36·44		
Great Indian Peninsula—			
Kurla to Mazagaon	6·51		
Mahim link	1·32	45·42	
Warora to Bellarpur	37·59		
Indian Midland—			
Portion of Agra-Balinganj branch		2·24	
Madras (North-East line)—			
Korukkupetta to Basin Road		0·85	
Salem-Attur (b)		36·06	
(iii) Southern Punjab Extension—			
Ludhiana to MacLeod Ganj		154·00	
(iv) Pettad-Cambay (Tarapur-Cambay section)—			
Cambay to Cambay Bandar		1·39	

(v) Eastern Bengal—			
Golokganj to the Brahmaputra river opposite			
Gauhati	151·62		
Katihar to Godagari	105·00	300·87	
Kaunia to Bonarpura	44·25		
Bellary-Rayadrug	33·00		
Burma Extensions—			
Henzada to Kyangin	65·66		
Pegu to Martaban (b)	121·27	186·93	
Hospet-Kottur		44·10	
Nilgiri—			
Coonoor to Ootacamund		11·50	
Rajputana-Malwa			
Narnaul to Phulera		100·60	609·34
(vi) South Indian—			
Mandapam to Rameswaram Temple	10·12		
Tangachimadam to Fort Amphill	1·71	20·83	
Tirupachettai to Sivagunga	9·00		
Tirhoot—			
Bairagnia to Bhikna Thorec	79·55		
Bettiah to Bagaha	49·35		
Bhagalpur to Bhagalpur Ghat	4·50	212·38	
Mansi to Bhaptiani	60·37		
Saharsa to Murliganj	18·61		
(vii) Tanjore District Board—			
Adirampatnam Salt siding		1·00	
Arantangi Quarry branch		3·90	
Thambikkottai Salt siding		0·63	5·53
(viii) A. Rohilkund and Kumaon—			
Bareilly to Soron		56·00	
Lalkua to Kashipur		45·00	
Moradabad to Ramnagar		47·00	148·00
B. Bengal and North-Western—			
Barhni (Bahadurganj) to Talsipur		22·54	
Dharonda to Maharajganj		3·90	
Gainsari to Jarwa		12·56	
Gorakhpur to Bagaha		60·94	116·94
Savan to Thawe		17·00	
(ix) Jaipur—			
Sanganer to Siwal-Madhapur		72·85	

(x) Jullundur-Kapurthala-Sultanpur (British section) (c)—			
Jullundur to the British Frontier			6·80
(xi) Gondia-Chanda (2' 6")—			
Gondia to Chanda (b)	148·65		
Fauni (Brahmapuri) to Nagpur (b)	63·75	212·40	
Jubbulpore-Gondia Extension (2' 6")—			
Chhindwara to Burcoote	21·36		
Jubbulpore to Burgi	17·54	69·33	325·52
Khursadevi to Sirgora	7·76		
Nainpur to Mandla	22·67		
Morappur-Dharmanpuri (2' 6")		18·36	
Tirupattur-Krishnagiri (2' 6")		25·43	
(xii) Howrah-Amra Light (2' 0")—			
A. Outpur to Champadanga (b)	9·00		
Outpur to Rajbulhat (b)	3·50	12·50	
Madura District Light (2' 6")—			
Ammayanayakkanur to Kotagudi	55·00		
Periyakulam to Krishna-Manaik's Tope	5·00	93·00	105·50
Theni to Karuvannath	33·00		
B. Barsi Light (2' 6")—			
Barsi Road Junction to Pandharpur	30·67		
Barsi Town to Tadwala	28·70	57·37	
Dwara-Therria Light (2' 6")—			
Dwara to Maolong (d)	13·50		
Maolong to Therria Ghat (b)	6·00	19·50	214·66
Matheran (2' 0")—			
Neral to Matheran		12·79	
Shahdara (Delhi)—Saharanpur Light (2' 6")—			
Baraut to Mesrut	30·00		
Shahdara to Saharanpur	95·00	125·00	
(xiii) A. Cutch (2' 6")—			
Anjar to Tuna			11·86
B. Gwalior Light (2' 0")—			
Sabalgarh to Sonupur			68·60
C. Jullundur-Kapurthala-Sultanpur (Native State section)—			
Sultanpur to the British Frontier (c)			22·02

(a) Constructed but not worked.
(b) Commencement of work not authorized.

(c) Commencement of work not authorized and question of gauge not finally settled.
(d) Completion deferred.

New Lines authorised.

	Miles.	Miles.	Miles.
(i) { Nagda-Muttra— Crossing of the Chambal river to Muttra Kotah to Baran North Western— Kacha Garhi to mile 23	202'46 40'00 23'00	242'46 23'00	265'46
(ii) { Agra-Delhi Chord— Kosi to Sanket Bengal-Nagpur— Branch line near Khanoodih East Indian— Agra direct access Borachuck to Sodepur Hooghly to Katwa Chord line between the East Indian and Oudh and Rohilkhand State railways near Moghal Sarai	6'06 1'97 1'75 4'50 65'20 1'19	6'06 1'97 72'64	80'67
(iii) Amritsar-Patti			26'85
(iv) Eastern Bengal— Forbesganj to the Nepal Frontier			6'50
(v) { Assam-Bengal— Akhaura to Ashuganj Burma— Thamaing to Malagaon	19'00 6'70		25'70
(vi) Bezwada-Masulipatam			45'90
(vii) Dibru-Sadiya— Talap to Shaikwaghat			8'50
(viii) { A. Morvi— Stone Quarry branch (a) B. Gaekwar's Mehsana— Chausama to Bechraji Manund Road to Harij Sangli— Miraj to Sangli Town	2'75 17'27 21'20 4'00	38'47	42'47
(ix) Purulia-Ranchi (2' 6")			72'26
(x) { Cutch (2' 6")— Anjar to Bhuj Dholpur-Bari (2' 6")	25'38 19'25		44'63

Lines opened or likely to be opened.

(xi) { Eastern Bengal— Panchooria to the river Ganges Ranaghat to Lalghola Ghat North Western— Spezand Junction to Nushki	6'00 *97'85 *83'29	103'85	187'14
(xii) { Agra-Delhi Chord— Kosi to Sanket Bengal-Nagpur— Mohuda to Malkera East Indian— Etmadpur Chord Mainpuri to Farukhabad	6'06 *5'70 1'11 *36'30	49'17 37'41	
(xiii) Southern Punjab Extension— MacLeodganj to Ferozepore City Ferozepore Cantonment to Ludhiana	*76'88 *75'90	152'78	
(xiv) Eastern Bengal— Bonarpara to Kaunia Golokganj to Kokrajhar	*44'47 35'37	79'84	
(xv) { Bellary-Rayadrug Hospet-Kottur Rajputana-Malwa— Phulera to Narnaul Tirhoot— Bairagnia to Narkatiaganj Bhagalpur to Bhagalpur Ghat Bettiah to Bhikna Thoree	*33'25 *43'06 *100'53 58'05 *4'29 44'25	283'43 106'59	
(xvi) { A. Rohilkund and Kumaon— Bareilly to Soron B. Bengal and North-Western— Barhni to Tulsipur Gainsari to Jarwa	56'00 *23'05 12'56	35'61	
(xvii) Jaipur— Sanganer to Nawai			32'25
(xviii) { Jubbulpore-Gondia Extension (2' 6")— Burgi to Jubbulpore Morappur-Dharmapuri (2' 6") Tirupattur-Krishnagiri (2' 6")	*16'96 18'36 25'43	60'75	
(xix) Barsi Light (2' 6")— Barsi Town to Kuslamb			7'00
(xx) Cutch (2' 6")— Anjar to Tuna			11'6

During 1905-1906, i.e., from 1st April 1905 to the 31st March 1906, 621'69 miles of new railway have been authorized as follows:—

5' 6" gauge—	Miles.	Miles.
(i) State lines worked by the State	265'46	
(ii) State lines worked by companies	80'67	
(iii) Branch line company's railway assisted by Government under "Rebate" terms	26'85	
		372'98
3' 3½" gauge—		
(iv) State lines worked by the State	6'50	
(v) State lines worked by companies	25'70	
(vi) District Boards' lines	45'90	
(vii) Assisted company's lines subsidized by Local Governments	8'50	
(viii) Native State lines—		
A. Worked by Native States	2'75	
B. Worked by companies	42'47	
		45'22
		131'82
Special (2' 6" and 2' 0") gauges—		
(ix) State lines worked by companies	72'26	
(x) Native State lines worked by Native States	44'63	
		116'89
TOTAL		621'69

And 955'83 miles have been or are likely to be opened to public traffic as follows:—

5' 6" gauge—	Miles.	Miles.
(xi) State lines worked by the State	187'14	
(xii) State lines worked by companies	49'17	
(xiii) Branch line companies' railways assisted by Government under "Rebate" terms	152'78	
		389'09
3' 3½" gauge—		
(xiv) State lines worked by the State	79'84	
(xv) State lines worked by companies	283'43	
(xvi) Assisted companies' lines—		
A. Subsidized by the Government of India	56'00	
B. Receiving land only from Government	35'61	
		91'61
(xvii) Native State lines worked by companies	32'25	
		487'13
Special (2' 6" and 2' 0") gauges—		
(xviii) State lines worked by companies	60'75	
(xix) Assisted companies' lines receiving land only from Government	7'00	
(xx) Native State lines worked by companies	11'86	
		79'61
TOTAL		955'83

(a) This branch is on the 2' 6" gauge.
* Correction of mileage.

Lines under construction and sanctioned on 31st March 1906.

	Miles.	Miles.	Miles.
(i) Eastern Bengal— Kankurgachi Chord	2'25		
Nagda-Muttra— Nagda to Muttra	342'98	383'98	
Kotah to Baran	40'00		
(ii) North Western— Kacha Garhi to mile 23	23'00		
Sargoda to Shorkot Road	103'14	181'49	
Shahdara to Sangia	55'35		
Oudh and Rohilkhand— Phaphamau to Zafarabad	57'50		
Azhikhal-Mangalore	77'27		
Bengal-Nagpur— Bhojudih to Hariharpur	25'64		
Bhojudih to Parthadihi	2'28	29'89	
Branch line near Kanoodih	1'97		
East Indian— Agra direct access	1'75		
Bhagalpur to Bausi	31'04		
Borachuk to Sodepur	4'50		
Chord line between the East Indian and Oudh and Rohilkhand State railways near Moghal Sarai	1'19		
Hooghly to Katwa	65'20	315'34	
Khurja to Hapur	39'49		
(iii) Mile 170½ from Howrah on the Jharla branch to Chandore	4'16		
Ondal to Sainthia	44'93		
Manpur to Dhanbaid	121'49		
Nagri to Kasunda	1'59		
Great Indian Peninsula— Kurla to Mazagaon	6'51		
Mahim link	1'32	45'42	
Warora to Bellarpur	37'59		
Indian Midland— Portion of Agra-Ballanganj branch	2'24		
Madras (North-East line)— Korukkupettai to Basin Road	0'85		
Salem-Attur (a)	36'06		
(iv) Amritsar-Patti		28'85	
Petlad-Cambay (Tarapur-Cambay section)— Cambay to Cambay Bandar		1'39	
(v) Eastern Bengal— Forbesganj to the Nepal Frontier	6'50		
Katihar to Godagari	105'00	227'75	
Kokrajhar to the Brahmaputra river opposite Gauhati	116'25		
Assam Bengal— Akhaura to Ashuganj	19'00		
Burma— Thamaing to Malagaon	6'70		
Burma Extensions— Henzada to Kyangin	65'63		
Pegu to Martaban (a)	121'27	186'93	
Nilgiri— Coonoor to Ootacamund	11'50	350'54	
(vi) South Indian— Mandapam to Rameswaram Temple	10'12		
Tangachimadam to Port Ampthill	1'71	20'83	
Tirupachettai to Sivagunga	9'00		
Tirhoot— Manel to Bhaptiahi	60'37		
Narkatiaganj to Bagaha	26'80	105'58	
Saharsa to Murliganj	18'61		
(vii) Bezwada-Masulipatam		45'90	
Tanjore District Board— Adirampatnam Salt siding	1'00		
Arantangi Quarry branch	3'90	5'53	
Thambikkottai Salt siding	0'63		
(viii) A. Rohilkund and Kumaon— Lalkua to Kashipur	45'00		
Moradabad to Ramnagar	47'00	92'00	
B. Dibru-Sadiya— Tatap to Shaikhwaghat		8'50	
C. Bengal and North-Western— Dharonda to Maharajganj	3'90		
Gorakhpur to Bagaha	60'94	81'84	
Savan to Thawe	17'00		
(ix) A. Morvi— Stone Quarry branch (b)		2'75	
Gaekwar's Mehsana			
Chausama to Bechradi	17'27	38'47	
Manund Road to Harij	21'20		
B. Jalpur— Nawai to Siwal-Madhupur		40'60	
Sangli— Miraj to Sangli Town		4'00	
(x) Jullundur-Kapurthala-Sultanpur (British section) (c)— Jullundur to the British frontier		6'80	
(xi) Gondia-Chanda (2' 6")— Gondia to Chanda (a)	148'65	212'40	
Pauni (Brahmapur) to Nagpur (a)	63'75		
Jubbulpore-Gondia Extension (2' 6")— Chhindwara to Burcoole	21'36	345'92	
Khursadevi to Sirgora	7'76	61'26	
Neinpur to Mandla	32'14		
Purulia-Ranchi (2' 6")		72'26	
(xii) A. Howrah-Amta Light (2' 0")— Autpur to Champadanga (a)	9'00	12'50	
Autpur to Rajbulhat (a)	3'50		
(xiii) B. Baril Light (2' 6")— Baril Road Jn. to Pandharpur	30'67	50'37	
Kuslamb to Tadwala	19'70		
Dwara-Therria Light (2' 6")— Dwara to Maolong (d)	13'50	19'50	
Maolong to Therria Ghat (a)	6'00		
B. Matheran (2' 0")— Neral to Matheran		12'79	207'66
Shahdara (Delhi) - Saharanpur Light (2' 6")— Baraut to Meerut	30'00		
Shahdara to Saharanpur	95'00	125'00	
(xiv) C. Cutch (2' 6")— Anjar to Bhuj	25'38	44'63	
Dholpur-Bari (2' 6")	19'25		
(xv) B. Gwalior Light (2' 0")— Sabaigarh to Shilpur		68'60	
C. Jullundur-Kapurthala-Sultanpur (Native State section)— Sultanpur to the British Frontier (e)		22'02	

(a) Commencement of work not authorized.

(b) This branch is on the 2' 6" gauge.

(c) Commencement of work not authorized and question of gauge not finally settled.

† Made up as follows:—

Completed and in hand at the beginning of 1905-1906

Sanctioned during 1905-1906

Add—

Increase in mileage of the Mandla branch of the Jubbulpur-Gondia extension

Deduct—

Madura District Light railway abandoned

Net decrease due to corrections of mileage

(d) Completion deferred.

* Correction of mileage.

Miles.

30,914'48

621'69

31,536'17

9'47

31,545'64

93'00

2'29

95'29

31,450'35

And the mileage under construction or sanctioned for construction on the 31st March 1906 will be 2,766'54 miles, made up as follows:—

	Miles.	Miles.	Miles.
5' 6" gauge—			
(i) State lines worked by the State		625'22	
(ii) State lines worked by companies		507'07	
(iii) Branch line companies' railways assisted by Government under "Rebate" terms		26'85	
(iv) Native State lines worked by companies		1'39	1,160'53
3' 3½" gauge—			
(v) State lines worked by the State		227'75	
(vi) State lines worked by companies		350'54	
(vii) District Boards' lines		51'43	
(viii) Assisted companies' lines— A. Subsidized by the Government of India		92'00	
B. Subsidized by Local Government		8'50	
C. Receiving land only from Government		81'84	182'34
(ix) Native State lines— A. Worked by Native States		2'75	
B. Worked by companies		83'07	85'82
			897'88
Special (2' 6" and 2' 0") gauges—			
(x) State lines worked by the State		6'80	
(xi) State lines worked by companies		345'92	
(xii) Assisted companies' lines— A. Subsidized by District Boards		12'50	
B. Receiving land only from Government		207'66	220'16
(xiii) Native State lines— A. Worked by Native States		44'63	
B. Worked by companies		68'60	
C. Worked by State railway agency		22'02	135'25
			708'13
TOTAL			2,766'54

Making a grand total of railways completed and in hand, at the commencement of 1906-1907 of miles † 31,450'35

And showing, after allowing for lines abandoned and corrections of mileage, an advance on the previous year of miles 535'87

It is expected that the following lengths of unfinished line will be opened for public traffic in 1906-1907 :—

	Miles.	Miles.	Miles.
<i>5' 6" gauge—</i>			
(i) State lines worked by the State		319'76	
(ii) State lines worked by companies		348'65	
(iii) Branch line companies' railways assisted by Government under "Rebate" terms		26'85	695'26
<i>3' 3½" gauge—</i>			
(iv) State lines worked by companies		105'58	
(v) Assisted companies' lines—			
A. Subsidized by the Government of India	92'00		
B. Receiving land only from Government	60'94		
		152'94	258'52
<i>Special (2' 6" and 2' 0") gauges—</i>			
(vi) Assisted companies' lines receiving land only from Government			19'70
TOTAL			973'48

Leaving the undermentioned lines for completion in 1907-1908 or later :—

	Miles.	Miles.	Miles.
<i>5' 6" gauge—</i>			
(vii) State lines worked by the State		305'46	
(viii) State lines worked by companies		158'42	
(ix) Native State lines worked by companies		1'39	465'27
<i>3' 3½" gauge—</i>			
(x) State lines worked by the State		227'75	
(xi) State lines worked by companies		244'96	
(xii) District Boards' lines		51'43	
(xiii) Assisted companies' lines—			
A. Subsidized by Local Governments	8'50		
B. Receiving land only from Government	20'90		
		29'40	
(xiv) Native State lines—			
A. Worked by Native States	2'75		
B. Worked by companies	83'07		
		85'82	639'36
<i>Special (2' 6" and 2' 0") gauges—</i>			
(xv) State lines worked by the State		6'80	
(xvi) State lines worked by companies		345'92	
(xvii) Assisted companies' lines—			
A. Subsidized by District Boards	12'50		
B. Receiving land only from Government	187'96		
		200'46	
(xviii) Native State lines—			
A. Worked by Native States	44'63		
B. Worked by companies	68'60		
C. Worked by State railway agency	22'02		
		135'25	688'43
TOTAL			1,793'06

	Miles.	Miles.	Miles.
Eastern Bengal—			
Kankurgachi Chord		2'25	
Nagda-Muttra—			
Nagda to Morak		101'52	
(i) North Western—			319'76
Sargoda to Shorkot Road	103'14		
Shahdara to Shangla	55'35	158'49	
Oudh and Rohilkhand—			
Phaphamau to Zafarabad		57'50	
Azhikal-Mangalore		77'27	
Bengal-Nagpur—			
Bhojudih to Hariharpur		25'64	
East Indian—			
Khurja to Hapur	39'49		
Manpur to Dhanbaid	121'49	205'91	348'65
Ondal to Sainthia	44'33		
Great Indian Peninsula—			
Warora to Bellarpur		37'59	
Indian Midland—			
Portion of the Agra-Balinganj branch		2'24	
(iii) Amritsar-Patti			26'85
Tirhoot—			
(iv) Mansi to Bhaptiahi		60'37	
Narkatiaganj to Bagaha		26'60	105'58
Saharsa to Murliganj		18'61	
(v) A. Rohilkund and Kumaon—			
Lalkua to Kashipur		45'00	92'00
Moradabad to Ramnagar		47'00	
B. Bengal and North-Western—			
Gorakhpur to Bagaha			60'94
(vi) Barsi Light (2' 6")—			
Kuslaub to Tadwala			19'70
Nagda-Muttra—			
Morak to Muttra	242'46	282'46	
Kotah to Baran	40'00		305'48
North Western—			
Kacha Garhi to mile 23		23'00	
Bengal-Nagpur—			
Bhojudih to Parthadihi	2'28		
Branch line near Khanoodih	1'97	4'25	
East Indian—			
Agra direct access	1'75		
Bhagalpur to Bausi	31'04		
Borachuck to Sodepur	4'50		
Chord line between the East Indian and Oudh and Rohilkhand State Railways near Moghal Sarai	1'19	109'43	
(viii) Hooghly to Katwa	65'20		158'42
Mile 17½ from Howrah on the Jharria branch to Chandore	4'16		
Nagri to Kusunda	1'59		
Great Indian Peninsula—			
Kurla to Mazagaon	6'51	7'83	
Mahim link	1'32		
Madras (North-East line)—			
Korukkupettai to Basin Road		0'85	
Salem-Attur (a)		38'06	
(ix) Pettad-Cambay (Tarapur-Cambay section)—			
Cambay to Cambay Bandar			1'39
(x) Eastern Bengal—			
Forbesganj to the Nepal Frontier	6'50		
Katihar to Godagari	105'00	227'75	
Kokrajhar to the Brahmaputra river opposite Gauhati		116'25	
Assam-Bengal—			
Akhaura to Ashuganj		19'00	
Burma—			
Thamaing to Malagaon		6'70	
Burma Extensions—			
Henzada to Kyangin	65'66		
(xi) Pegu to Martaban (a)	121'27	186'93	244'98
Nilgiri—			
Coonoor to Ootacamund		11'50	
South Indian—			
Mandapam to Rameswaram Temple	10'12		
Tangachimadam to Port Amphthill	1'71	20'83	
Tiruprachettai to Sivagunga	9'00		
Bezawada-Masulipatam		45'90	
Tanjore District Board—			
Adirampatnam Salt siding	1'00		
Arantangi Quarry branch	3'90	5'53	51'43
Thambikkottai Salt siding	0'63		
(xii) A. Dibru-Sadiya—			
Talap to Shaikwaghat			8'50
(xiii) B. Bengal and North-Western—			
Dharonda to Maharajganj		3'90	
Savan to Thawe		17'00	20'90
(xiv) A. Morvi—			
Stone Quarry branch			2'75
(xv) Gaekwar's Mehsana—			
Chausama to Bechrail	17'27	38'47	
Manund Road to Harij	21'20		
B. Jalpur—			
Nawai to Siwai Madhopur		40'60	83'07
Sangli—			
Miraj to Sangli Town		4'00	
(xvi) Jullundur-Kapurthala-Sultanpur (British section)—			
Jullundur to the British Frontier (b)			6'80
Gondia-Chanda (2' 6")—			
Gondia to Chanda (a)	148'65	212'40	
Fauni (Brahmapuri) to Nagpur (a)	63'75		
(xvii) Jubbulpore-Gondia Extension (2' 6")—			345'92
Chhindwara to Burcoole	21'36		
Khursadeyl to Sirgora	7'76	61'26	
Neinpur to Mandla	32'14		
Purulia-Ranchi (2' 6")—			
Howrah-Amra Light (2' 0")—			
Autpur to Champadanga (a)		9'00	
Autpur to Rajbulhat (a)		3'50	12'50
(xviii) Barsi Light (2' 6")—			
Barsi Road Junction to Pandharpur		30'67	
Dwara-Therria Light (2' 6")—			
Dwara to Maolong (c)	13'50	19'50	
Maolong to Therria Ghat (a)	6'00		
B. Matheran (2' 0")—			
Neral to Matheran		12'79	187'96
Shahdara (Delhi)—Saharanpur Light (2' 6")—			
Baraut to Meerut	30'00	125'00	
Shahdara to Saharanpur	95'00		
Cutch (2' 6")—			
Anjar to Bhuj		25'38	44'63
(xix) Dholpur-Bari (2' 6")—		19'25	
B. Gwalior Light (2' 0")—			
Sabalgarh to Shipur			68'60
C. Jullundur-Kapurthala-Sultanpur (Native State section)—			
Sultanpur to the British Frontier (b)			22'02

(a) Commencement of work not authorized.

(b) Commencement of work not authorized and question of gauge not finally settled.

(c) Completion deferred.

APPENDIX IV.

	1897-98.	1898-99.	1899-1900.
Recorded Revenue compared with recorded expenditure, excluding Capital Expenditure on Public Works not charged against Revenue—			
Surplus	...	£ 2,640,873	£ 2,774,623
Deficit	₹ 5,35,92,110	...	...
Capital Expenditure on Public Works not charged against Revenue*	₹ 5,30,92,250	£ 3,279,316	£ 4,093,159
Ditto charge involved in Redemption of Liabilities	...	...	...
Net Public Debt incurred	6,077,779	£ 2,553,052	£ —121,298
Net Public Debt incurred, including Capital transactions with Guaranteed Railways and other Companies	5,651,626	£ 1,169,161	£ —787,763
Value of commodities exported, excluding Gold and Silver	₹ 97,63,30,000	1,12,80,00,000	1,09,08,30,000
Ditto imported, ditto ditto	₹ 73,64,70,000	72,10,20,000	75,30,40,000
Excess of Exports over Imports, excluding Gold and Silver	₹ 23,98,60,000	40,69,80,000	33,77,90,000
Net Imports of Gold	₹ 4,90,90,000	6,50,30,000	9,44,00,000
Ditto of Silver	₹ 8,47,30,000	3,98,10,000	3,57,70,000
TOTAL NET IMPORTS OF GOLD AND SILVER	₹ 13,38,20,000	10,48,40,000	13,01,70,000
Excess of Exports over Imports including Gold and Silver	₹ 10,60,40,000	30,21,40,000	20,76,20,000
Grand Total value of Imports and Exports of all kinds	₹ 1,98,95,90,000	2,10,20,80,000	2,13,31,80,000
Secretary of State's Bills sold (Rupees)	₹ 14,81,28,010	28,07,63,671	28,48,00,943
Sterling Equivalent received	₹ 9,506,077	18,692,377	19,067,022
Silver coined at the Indian Mints	₹ 98,56,910	69,83,650	2,22,59,751
Maximum price in pence of an oz. troy. standard Silver in London	28½ (Apl.)	28½ (Sept.)	29 (Apl.)
Minimum ditto ditto ditto	23½ (Aug.)	25½ (Apl.)	26½ (Oct.)
Average Exchange upon Secretary of State's Bills sold per rupee	† 1s. 3'3539d.	1s. 3'9784d.	1s. 4'0676d.
Fixed rate of Exchange for the Adjustment of Transactions between the Indian and Imperial Treasuries	1s. 2½d.	1s. 3¼d.	1s. 4d.
Maximum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	12 (Feb. 24 to Mar. 31).	12 (Apl. 1—27)	8 (Oct. 17 to 25 and Jan. 11 to Mar. 14).
Minimum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	5 (July 15 to Sept. 8 & Nov. 25 to Dec. 15)	4 (July 28 to Sept. 7).	4 (July 6 to Sept. 13).
Maximum rate of discount at the Bank of England	3 (Oct. to Mar.)	4 (Apl. and May Oct. to Jan.)	6 (Nov. 30 to Jan. 10).
Minimum ditto ditto	2 (May to Sept.)	2½ (July to Sept.)	3 (Apl. to July 12).
Maximum Government balances at the three Presidency Banks	₹ 3,27,96,000 (Mar.)	₹ 3,48,23,000 (Aug.)	₹ 4,16,05,000 (June)
Minimum ditto ditto	₹ 2,02,53,000 (Sept.)	₹ 2,76,74,000 (Nov.)	₹ 2,58,60,000 (Nov.)
Maximum price in Calcutta of Government 4 per cent Rupee Securities	...	...	...
Minimum ditto ditto	...	...	...
Maximum price in Calcutta of Government 3½ per cent Rupee Securities (Guaranteed)	104—1 (May 21)	101—11 (Feb. 22)	101—9 (May 3 and 4 and 25 to 27).
Minimum ditto ditto	94—4 (Jan. 7)	92—10 (Apl. 22)	92—4 (Oct. 6)
Maximum price in Calcutta of 3 per cent Rupee Securities	97—4 (May & June).	95—8 (Mar. 15 to 17 and 22).	95—8 (May 15 to 29).
Minimum ditto ditto	90—0 (Jan. to Mar.)	86—0 (Nov. 16 to Jan. 17).	88 (Mar. 13 and 14, 19, 20 and 22 to 31).
Maximum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts	₹ 23,47,80,000 (Apl.)	₹ 21,93,37,000 (Oct.)	₹ 21,36,32,000 (Apl.)
Minimum ditto ditto	₹ 21,39,05,000 (Mar.)	₹ 21,33,46,000 (Aug.)	₹ 20,28,73,000 (Aug.)
Maximum price in London of 4 per cent (Rupee) Securities in Gold	...	...	...
Minimum ditto ditto	...	...	...
Maximum price in London of 3½ per cent (Rupee) Securities in Gold	64½ (Jan.)	67½ (Mar.)	67½ (Apl.)
Minimum ditto ditto	60½ (Dec.)	61½ (Oct. and Nov.)	62 (Oct. and Dec.)
Maximum price in London of India 3½ per cent Stock	119½ (Aug.)	117½ (Mar.)	116½ (Apl.)
Minimum ditto ditto	114½ (Mar.)	111 (Oct.)	104½ (Dec.)
Maximum price in London of India 3 per cent Stock	112½ (May)	109½ (Feb.)	109½ (Aug.)
Minimum ditto ditto	105 (Mar.)	103½ (Oct.)	98½ (Dec.)
Maximum price in London of India 2½ per cent Stock	99½ (Apl.)	94½ (Mar.)	99½ (Apl.)
Minimum ditto ditto	92 (Mar.)	84½ (Oct.)	85 (Dec.)
Maximum Government Paper Currency outstanding	₹ 24,75,40,000 (Mar.)	₹ 28,20,33,000 (Mar.)	₹ 29,27,12,000 (July)
Minimum ditto ditto	₹ 22,86,16,000 (May)	₹ 23,24,55,000 (May)	₹ 26,26,32,000 (Dec.)
Number of Post Office Savings Banks	6,290	6,310	6,479
Number of accounts in Post Office Savings Banks	730,387	755,871	785,729
Amount deposited in Savings Banks	₹ 9,28,72,978	₹ 9,42,80,041	₹ 9,64,64,466
Average of each deposit	₹ 127'15	₹ 124'73	₹ 122'77
Net addition to deposits	₹ —35,19,433	₹ 14,07,063	₹ 21,84,425

* Excludes Capital charge involved in redemption of India

† In calculating this rate, a re-remittance to India

‡ Excludes remittances of Gold Reserve Fund.

§ Include remittances of the Gold Reserve Fund.

|| Continuing.

DIX IV.

FINANCIAL STATISTICS.

CELLANEOUS.

1900-1901.	1901-1902.	1902-1903.	1903-1904.	1904-1905.	1905-1906, Revised.	1906-1907, Budget.
£ 1,670,204	£ 4,950,243	£ 3,069,549	£ 2,996,400	£ 3,456,066	£ 1,755,700	£ 874,100
£ 4,040,958	£ 4,071,152	£ 5,128,192	£ 5,043,003	£ 6,258,195	£ 9,181,700	£ 8,831,200
£ 5,922,350	£ 2,582,283	£ 1,039,655	£ 2,146,825	£ 3,413,480	£ 12,980,900	£ 4,164,000
£ 10,827,153	£ 3,207,898	£ 1,414,781	£ 225,540	£ 4,488,109	£ 18,448,200	£ 4,916,600
£ 12,173,251						
1,07,71,80,000	1,24,89,50,000	1,29,39,60,000	1,53,51,70,000	1,57,70,80,000	1,31,38,10,000	
80,89,50,000	88,78,00,000	85,81,90,000	92,59,20,000	1,04,41,30,000	92,51,50,000	
26,82,30,000	36,11,50,000	43,57,70,000	60,92,50,000	53,29,50,000	38,86,60,000	
84,20,000	1,93,80,000	8,76,40,000	9,93,20,000	9,70,60,000	43,60,000	
9,50,70,000	7,19,30,000	6,95,70,000	13,55,00,000	13,37,30,000	9,32,80,000	
10,34,90,000	9,13,10,000	15,72,10,000	23,48,20,000	23,07,90,000	9,76,40,000	
16,17,40,000	26,98,40,000	27,85,60,000	37,44,30,000	30,21,60,000	29,10,20,000	26,70,00,000 17,800,000
2,27,41,70,000	2,45,74,86,000	2,50,25,20,000	2,99,67,90,000	3,18,05,80,000	2,60,22,00,000	
19,98,37,693	\$27,83,01,050	\$27,74,67,265	\$35,67,94,845	\$36,53,57,364	\$47,21,35,000(a)	
13,300,277	\$18,539,071	\$18,499,947	\$23,859,303	\$24,425,558	\$31,536,600(a)	
17,26,48,724	5,13,47,732	11,38,94,848	16,53,11,541	11,37,04,366		
30 $\frac{1}{8}$ (Oct.)	27 $\frac{1}{8}$ (Apl.)	24 $\frac{1}{8}$ (April)	28 $\frac{1}{8}$ (Oct.)	28 $\frac{9}{16}$ (Dec.)	30 $\frac{1}{8}$ (Feb.)	
27 $\frac{1}{8}$ (Apl.)	24 $\frac{1}{8}$ (Mar.)	21 $\frac{1}{8}$ (Nov. & Jan.)	22 $\frac{1}{8}$ (Apl.)	24 $\frac{1}{8}$ (Apl.)	25 $\frac{1}{8}$ (Apl.)	
1s. 3'9733d.	1s. 3'9876d.	1s. 4'0018d.	1s. 4'049d.	1s. 4'045d.	1s. 4'051d.	
1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.
						1s. 4d.
8 (Feb. 7 to Mar. 20).	8 (Feb. 12 to Mar. 26)	8 (Feb. 19 to Mar. 25)	7 (From 21st Jan. to 9 Mar.)	8 (From 9th Mar. 05 to 29th Mar. 1905).	9 (From 1st Feb. 1906 to	
3 (July 5 to Aug. 8).	3 (July 18 to Aug. 21)	3 (July 10 to Oct. 14).	3 (Aug. 27 to Dec. 9).	3 (23rd June to 5th Oct.)	3 (20th July to 16th Aug.)	
5 (Jan. 3 to Feb. 1).	4 (Apl. to June 5 and Nov. to Jan. 22).	4 (Oct. 2 to Mar. 31).	4 (Apl. 1 to May 20 and Sept. 3 to Mar.)	4 (Apl. 5 to 13)	4 (Sept. 28 to Mar.)	
3 (June 14 to July 18).	3 (June 13 to Oct. 30, and Feb. 6 to Mar. 31).	3 (Apl. 1 to Oct. 1).	3 (June 18 to Sept. 2).	2 $\frac{1}{2}$ (From Mar. 9).	2 $\frac{1}{2}$ (Apl. 1 to Sept. 7).	
3,31,13,000 (Jan.)	3,38,00,000 (June)	3,60,28,000 (Dec.)	3,52,12,000 (Apl.)	3,84,32,000 (Sept.)	3,82,91,000 (May)	
2,59,78,000 (Nov.)	2,93,82,000 (Mar.)	3,06,74,000 (Oct.)	3,03,54,000 (Feb.)	3,00,53,000 (Jan.)	2,84,08,000 (Nov.)	
...	...	...	...	...	...	
97-12 (Oct. 24)	97-7 (Aug. 15)	99-9 (May 17)	99-7 (Apl. 27 & 28).	99-9 (16th Aug. 2nd & 3rd Mar.)	100-4 (4th Aug. 1905).	
93-11 (July 28)	94-7 (May 11)	96-12 (Apl. 2&3)	94-10 (Jan. 9)	96-11 (Nov. 11)	97-8 (9th and 10th Jan. 1906).	
89 (5 and 6 Apl. and 1 to 9 May).	87-0 (Apl. 1 to May 8).	87-8 (Mar. 30)	87-8 (Apl. 1)	87-4 (From 3rd Mar.)	88-12 (From 10th to 16th Aug. 1905).	
85-12 (Feb. 4 to Mar. 25).	83-0 (Jan. 11 to Feb. 1 and Mar. 8 to Mar. 31)	82-12 (Apl. 1&2)	85-4 (Feb. 8 to Mar. 31).	85-4 (5th Apl. to 3rd May).	87-0 (21st Dec. 1905).	
22,25,04,000 (Sept.)	22,34,60,000 (Apl.)	20,28,92,000 (Apl.)	18,61,10,000 (Apl.)	17,02,89,000 (Apl.)	17,01,09,000 (May)	
20,84,80,000 (Sept.)	20,23,95,000 (Dec.)	18,63,35,000 (Mar.)	17,05,01,000 (Jan.)	16,50,97,000 (Feb.)	16,21,03,000 (Dec.)	
...	...	...	...	...	...	
65 (Nov.)	64 $\frac{3}{8}$ (Feb.)	66 $\frac{1}{8}$ (Feb. & Mar.)	66 $\frac{3}{8}$ (Sept.)	66 $\frac{3}{8}$ (Feb. & Mar.)	66 $\frac{9}{16}$ (Aug. & Sept.)	
62 $\frac{1}{8}$ (July)	63 (July)	64 $\frac{1}{8}$ (Apl. & June)	64 (Jan. & Feb.)	65 (July).	65 $\frac{5}{8}$ (June)	
111 $\frac{1}{8}$ (Apl.)	109 $\frac{5}{8}$ (Aug.)	110 $\frac{5}{8}$ (June)	108 $\frac{1}{8}$ (July)	109 (Feb.)	107 $\frac{5}{8}$ (Apl.)	
105 (July)	106 $\frac{1}{8}$ (July)	105 $\frac{1}{8}$ (Mar.)	102 (Jan.)	103 (Apl.)	103 $\frac{1}{8}$ (Oct.)	
103 $\frac{3}{8}$ (Apl.)	102 (June)	102 $\frac{1}{8}$ (June)	100 $\frac{1}{8}$ (May)	99 $\frac{5}{8}$ (Feb.)	98 $\frac{1}{8}$ (Apl.)	
95 (Aug.)	97 $\frac{3}{8}$ (Oct.)	98 $\frac{1}{8}$ (Mar.)	93 $\frac{1}{8}$ (Mar.)	93 $\frac{1}{8}$ (Aug.)	94 $\frac{7}{8}$ (Oct.)	
90 $\frac{1}{8}$ (May)	87 (Apl.)	90 $\frac{1}{8}$ (June)	85 $\frac{1}{8}$ (Apl.)	85 $\frac{1}{8}$ (Feb.)	84 $\frac{1}{8}$ (Apl.)	
85 (Aug.)	84 $\frac{1}{8}$ (Dec.)	84 $\frac{1}{8}$ (Mar.)	78 $\frac{1}{8}$ (Mar.)	79 $\frac{1}{8}$ (Apl.)	79 $\frac{5}{8}$ (Oct.)	
30,78,41,000 (July)	31,85,90,000 (Oct.)	35,72,36,000 (Mar.)	38,21,17,000 (Mar.)	42,51,61,000 (July)	43,78,94,000 (Aug.)	
27,89,64,000 (Apl.)	27,67,80,000 (Feb.)	31,24,79,000 (Apl.)	33,94,09,000 (Apl.)	36,11,07,000 (Apl.)	39,63,12,000 (Nov.)	
6,636	7,053	7,075	7,372	7,855		
816,651	866,693	922,353	987,035	1,058,813		
10,04,32,569	10,68,21,233	11,42,15,534	12,33,36,717	13,40,70,130		
122'98	123'25	123'83	124'88	126'62		
39,68,103	63,88,564	73,94,301	91,21,183	1,07,33,44		

liabilities.

of Rs.1,00,00,000 by means of Bank drafts is taken into account.

(a) Include remittance of the Currency Department.

(b) Figures for ten months of 1904-1905.

APPENDIX IV—continued.

Commercial and Financial Statistics.

Table II.—Statement showing the true financial results to the Revenues of India of the guarantee of interest upon the Capital of Guaranteed Railway Companies.

(Omitting 000 in rupee figures and 00 in sterling figures, except in accounts.)

	ACCOUNTS.					Revised Estimate, 1905-1906.	Budget Estimate, 1906-1907.
	1900-1901.	1901-1902.	1902-1903.	1903-1904.	1904-1905.		
	Miles.	Miles.	Miles.	Miles.	Miles.	Miles.	Miles.
Open mileage at end of official year .	1,305	1,334	1,349	1,408	1,408	9,04	9,04
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Gross traffic receipts	3,78,25,951	2,65,89,776	2,82,66,517	2,99,01,287	3,23,13,144	2,79.90	1,47,00
Working expenses	1,80,72,459	1,28,64,943	1,40,73,782	1,57,79,341	1,61,90,936	1,43.00	84,35
Percentage of working expenses on receipts	47.78	48.38	49.79	52.77	50.11	51.09	57.38
Net Revenue .	1,97,53,492	1,37,24,833	1,41,92,735	1,41,21,946	1,61,22,208	1,36,90	62,65
Guaranteed Interest paid in England £	1,589,417	1,009,544	1,026,892	1,032,772	1,047,316*	1,052.9	584,8
Ditto converted at Rs. 15 = £1 from 1898-99	2,38,41,249	1,51,43,168	1,54,03,371	1,54,91,582	1,57,09,732	1,57.93	87,72
Guaranteed interest paid in India plus interest on overdrawn Capital .	1,22,657	1,04,551	1,24,895	2,28,672	2,77,131	40	4
Surplus paid to Railway Companies .	25,81,739	23,16,119	13,33,564	15,27,629	19,08,241	27.50	..
Land and Supervision	—16,263	—1,00,580	—95,196	3,359	(a) 1,12,648	2,32	34
Net loss on receipts and disbursements of Capital in India at the contract rates of exchange instead of at the average yearly rates obtained for the Secretary of State's bills	97,052	—2,80,239	3,59,811	8,46,623	4,72,410	16.68	12,66
Total Expenditure .	2,66,26,434	1,71,83,019	1,71,26,445	1,80,97,865	1,84,80,162	1,94.83	1,00,76
Net Expenditure from the Public Treasury	68,72,942	34,58,186	29,33,710	39,75,919	23,57,954	57.93	38,11

* The Accounts for 1904-1905 and the Revised Estimate for 1905-1906 include £2,173 and £14,300 respectively on account of "Interest on advances" to Guaranteed Railway Companies (B., B. and C. I. Railway).

(a) Excludes the net credit under supervision vide Account 54 A of the Finance and Revenue Accounts for 1904-1905.

APPENDIX IV—continued.
COMMERCIAL AND FINANCIAL STATISTICS.

Table III.—Capital Expenditure on State Railways in 1904-1905 and Estimated Expenditure on such works in 1905-1906 and 1906-1907, and to end of 1906-1907.

RAILWAYS.		To end of 1903-1904.	Accounts, 1904-1905.	Revised Estimate, 1905-1906.	Budget Estimate, 1906-1907.	To end of 1906-1907.	Sanctioned Outlay.	Balance remaining unspent.	REMARKS.
OPEN LINES.		Rs.	Rs.	Rs.	Rs.	Rs.	Rs.		
East Indian		33,52,00,976	1,68,93,080	2,12,50,000	1,74,00,000	39,07,44,056	39,07,44,056	...	(a) Rs. 17,86,051, outlay prior to March 1900 on the metre gauge link between Bhatinda and Ferozepore transferred from Rajputana Malwa railway to North Western railway.
Rajputana-Malwa System		(a) 15,64,17,521	5,19,440	20,64,000	30,00,000	16,20,00,961	16,20,00,961	...	
Palanpur-Deesa		2,37,069	...	1,000	3,000	2,41,069	2,41,069	...	
Bhopal		31,03,386	86,359	60,000	2,00,000	34,49,745	34,49,745	...	
Warora Colliery		14,75,588	— 78,900	— 95,000	— 20,000	12,81,688	12,81,688	...	
Burma		7,69,12,324	...	...	...	7,69,12,324	7,69,12,324	...	
Assam-Bengal (Construction)		6,84,33,457	19,59,985	38,22,000	16,19,000	7,58,34,442	7,58,34,442	...	(b) Includes £12,480,400 on account of Capital charge involved in redemption of liabilities.
Ditto (Land)		36,44,425	28,202	72,000	3,78,000	41,22,627	41,22,627	...	
Jorhat		9,07,124	437	3,000	4,000	9,14,561	9,14,561	...	
Eastern Bengal		13,30,45,456	72,10,892	1,25,65,000	38,06,000	15,66,27,348	15,66,27,348	...	
Tirhoot		5,09,32,075	23,18,580	15,20,000	20,00,000	5,67,70,655	5,67,70,655	...	
Oudh and Rohilkhand		20,00,33,802	20,57,061	31,16,000	22,00,000	20,74,06,863	20,74,06,863	...	(c) £500,500 on account of Capital charge involved in redemption of liabilities.
Lucknow-Bareilly		51,21,139	...	...	...	51,21,139	51,21,139	...	
North-Western		(a) 48,95,01,070	81,89,392	1,31,29,000	1,50,50,000	52,58,69,462	52,58,69,462	...	
Guntakal Mysore frontier		59,08,246	9,341	8,000	10,000	59,35,587	59,35,587	...	
South Indian		10,34,94,087	11,40,592	17,75,000	27,50,000	10,91,59,679	10,91,59,679	...	
Tanjore District Board		27,42,567	93,317	94,000	69,000	29,98,884	29,98,884	...	(d) Includes Rs. 9,72,065 on account of outlay on Berar Railways brought on.
Jodhpur-Hyderabad (British Section)		(e) 39,62,716	10,323	32,000	30,000	40,35,039	40,35,039	...	
Petroleum Operations		1,10,187	...	...	...	1,19,187	1,19,187	...	
Frontier Railway Reserve Material		43,98,154	23	...	...	43,98,177	43,98,177	...	
Peshawar Railway Reserve Material		2,88,641	...	— 2,89,000	...	— 359	— 359	...	
Great Indian Peninsula and Warora Bellarpur		(d) 11,57,05,940	1,03,03,846	77,16,000	1,99,67,000	14,46,92,786	14,46,92,786	...	(e) Rs. 86,149 outlay during 1901-1902 on Junction works at Hyderabad transferred from the Jodhpur-Bikaner Railway.
East Coast—Northern Section		3,09 29,430	...	...	...	3,09 29,430	3,09 29,430	...	
Madras Railway—North East Line		6,36,10,524	9,42,362	7,00,000	20,00,000	6,72,52,886	6,72,52,886	...	
Bezawada Extension		11,74,444	2,698	4,000	3,000	11,84,142	11,84,142	...	
Nilgiri Railway		35,38,772	10,575	1,90,000	1,80,000	39,19,347	39,19,347	...	
Bombay, Baroda and Central India		...	...	(b) 20,32,54,000	10,00,000	20,42,54,000	20,42,54,000	...	(f) Includes Rs. 9,72,065 on account of outlay on Berar Railways brought on.
Rohri-Samasata Doubling		...	6,56,170	65,50,000	59,50,000	1,31,56,170	1,31,56,170	...	
Bengal Central		...	...	(c) 75,08,000	...	75,08,000	75,08,000	...	
Carried over		1,86,08,38,120	5,23,53,775	28,50,49,000	6,85,99,000	2,26,68,39,895	2,26,68,39,895		

APPENDIX IV—continued.

RAILWAYS.		To end of 1903-1904.	Accounts, 1904-1905.	Revised Esti- mate, 1905-1907.	Budget Esti- mate, 1906-1907.	To end of 1906-1907.	Sanctioned Outlay.	Balance re- maining unspent.	
Brought forward		1,86,08,38,120	5,23,53,775	28,50,49,000	6,85,99,000	2,26,68,39,895	2,26,68,39,895	...	(a) Includes Rs. 1,93,809 on account of survey outlay and land charges brought on.
Bellary-Royadrug	.	4,33,451	1,31,903	2,10,000	25,000	8,00,354	8,00,354	...	
Hospet-Kottur	.	3,27,216	9,45,910	1,35,000	55,000	14,63,126	14,63,126	...	
Tripatur-Krishnagiri	.	4,54,126	3,86,923	2,71,000	3,000	11,15,049	11,15,049	...	
Morappur-Dhurmapuri	.	2,89,777	2,72,448	2,53,000	18,000	8,33,225	8,33,225	...	(b) Survey outlay brought on to the construction account during 1903-1904.
TOTAL OPEN LINES		1,86,23,42,690	5,40,90,959	28,59,18,000	6,87,00,000	2,27,10,51,649	2,27,10,51,649	...	
LINES UNDER CONSTRUCTION.									
Forbesganj-Nepal Frontier	.	...	...	70,000	1,40,000	2,10,000	2,22,000	12,000	
Shahdera-Sangla	.	(b) 8,999	4,19,370	16,16,000	5,50,000	25,94,369	28,29,000	2,34,631	
Burma Railway Extensions	.	(b) 1,05,903	31,06,612	52,06,000	51,00,000	1,35,18,515	1,67,47,000	32,28,485	
Khusalgarh-Kohat Railway—Conversion and Indus Bridge.									
Coonor-Ootakamund	.	...	1,51,466	15,63,000	3,00,000	20,14,466	24,46,000	4,31,534	
Jech-Doab (Southern Section)	.	(b) 12,729	2,35,214	6,86,000	9,00,000	18,33,943	24,40,000	6,06,057	
Tirhoot Extensions	.	11,09,271	33,87,353	18,84,000	3,00,000	66,80,624	71,59,000	4,78,376	
Extensions to Chitpore (E. B. Railway)	.	(a) 24,61,802	33,72,780	37,50,000	25,00,000	1,17,84,582	1,14,41,000	—3,43,582	
Kaunia-Bonarpara	.	28,20,462	2,47,829	1,10,000	1,30,000	33,08,291	36,48,000	3,39,709	
Jullundur-Hoshiarpur	.	10,44,265	6,43,510	4,85,000	3,86,000	25,58,775	21,69,000	—3,89,775	
Ludhiana-Ferozepur	.	14,531	...	...	...	14,531	15,000	469	
Agra-Delhi Chord	.	28,311	...	...	...	28,311	29,000	689	
Allahabad Fyzabad	.	71,30,571	42,72,582	10,93,000	1,20,000	1,26,16,153	1,14,30,000	—11,86,153	
Ganges Bridge (Allahabad-Fyzabad)	.	96,61,225	9,92,361	1,48,000	...	1,05,05,586	1,17,09,000	12,03,414	
Tinnevely-Quilon—British Section	.	39,80,700	3,54,689	27,000	1,00,000	44,62,389	44,99,000	36,611	
Ditto Native State Section	.	1,06,67,454	10,29,567	82,000	2,00,000	1,19,79,021	1,15,03,000	—4,76,021	
Azikhah-Mangalore	.	33,60,869	44,03,401	29,85,000	16,00,000	1,23,49,270	1,29,05,000	5,55,730	
Dhubri-Gauhati	.	16,95,446	17,07,096	22,13,000	13,40,000	69,55,542	92,31,000	22,75,458	
Moorshedabad Branch	.	45,11,518	28,06,799	14,09,000	6,00,000	93,27,317	1,05,53,000	12,25,683	
Kankoogachi Chord	.	8,89,589	4,76,937	2,10,000	50,000	16,26,526	13,98,000	—2,28,526	
Doubling the line between Canal Junction and Kan-koogachi.									
Shilman Branch	.	2,31,881	1,40,089	95,000	1,40,000	6,06,970	4,36,000	—1,70,970	
	.	...	...	7,75,000	35,00,000	42,75,000	50,43,000	7,68,000	
Carried over		4,94,35,526	2,77,47,655	2,41,11,000	1,79,56,000	11,92,50,181	12,78,52,000	86,01,819	
TOTAL OPEN LINES, carried over		1,86,23,42,690	5,40,90,959	28,59,18,000	6,87,00,000	2,27,10,51,649	2,27,10,51,649	...	

APPENDIX IV—continued.

RAILWAYS.	To end of 1903-1904.	Accounts, 1904-1905.	Revised Esti- mate, 1905-1906.	Budget Es- timate, 1906-1907.	To end of 1906-1907.	Sanctioned Outlay.	Balance remaining unspent.	(a) Survey outlay brought, on to the construction account during 1903- 1904.
TOTAL OPEN LINES, brought forward	1,86,23,42,690	5,40,90,959	28,59,18,000	6,87,00,000	2,27,10,51,649	2,27,10,51,649	...	
Brought forward	4,94,35,526	2,77,47,655	2,41,11,000	1,79,56,000	11,92,50,181	12,78,52,000	86,01,819	
Barun Kotah	...	...	1,00,000	10,00,000	11,00,000	37,59,000	26,59,000	
Ahmedabad-Dholka (Earthwork, etc.)	59,900	...	...	...	59,900	60,000	100	
Quetta-Nushki	7,17,567	32,42,893	16,45,000	1,47,000	87,52,460	90,06,000	2,53,540	
Rewari-Phulera	15,09,797	26,46,795	7,44,000	2,90,000	51,90,592	57,05,000	5,14,408	
Nagda-Muttra	(a) 51,107	7,29,445	73,19,000	1,41,00,000	2,21,99,552	2,98,11,000	76,11,448	
Katihar-Godagiri	(a) 28,482	6,35,074	31,89,000	47,00,000	85,52,556	1,04,86,000	19,33,444	
Allahabad-Jaunpur	(a) 16,742	6,09,650	19,00,000	4,00,000	29,26,392	30,22,000	95,608	
Rameswaram Extension	(a) 21,082	97,154	3,62,000	20,50,000	25,30,236	35,19,000	9,88,764	
TOTAL LINES UNDER CONSTRUCTION	5,48,40,203	3,57,08,666	3,93,70,000	4,06,43,000	17,05,61,869	19,32,20,000	2,26,58,131	
LINES IN ABEYANCE OR TRANSFERRED TO COMPANIES, ETC.								
Ranaghat-Bhagwangola	3,02,450	...	...	...	3,02,450	3,02,450	...	
Southern Mahratta (Depreciation on works, etc.)	5,27,071	...	...	...	5,27,071	5,27,071	...	
Bellary-Kistna	1,65,78,416	...	...	...	1,65,78,416	1,65,78,416	...	
Bilaspur-Etawah	75,132	...	...	...	75,132	75,132	...	
Vizagapatam-Raipur	2,45,035	...	...	...	2,45,035	2,45,035	...	
Nagpur-Chhattisgarh Depreciation Account	6,57,038	...	...	...	6,57,038	6,57,038	...	
Umaria Colliery	1,82,672	...	...	...	1,82,672	1,82,672	...	
TOTAL LINES IN ABEYANCE, ETC.	1,85,67,814	...	...	...	1,85,67,814	1,85,67,814	...	
Purchase of Kalka-Simla Railway	...	...	...	45,00,000	45,00,000	45,00,000	...	
Stores	2,66,049	4,86,652	...	...	7,52,701	7,52,701	...	
Reserve	...	...	...	63,00,000	63,00,000	63,00,000	...	
GRAND TOTAL, carried over	1,93,60,16,756	9,02,86,277	32,52,88,000	12,01,43,000	2,47,17,34,033	2,49,43,92,164	2,26,58,131	

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV.—Capital Expenditure on Irrigation—Major Works, in 1904-1905, and estimated expenditure on such works in 1905-1906 and 1906-1907, and to the end of 1906-1907.

	Actual outlay to end of 1903-1904.	Accounts, 1904-1905.	Revised Estimate, 1905-1906.	Budget Estimate, 1906-1907.	Total actual and estimated outlay to end of 1906-1907.	Sanctioned estimate.	Balance of sanctioned estimate remaining to be spent.
IRRIGATION WORKS.							
CAPITAL EXPENDITURE NOT CHARGED TO REVENUE.	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
<i>Burma.</i>							
Mandalay Canal	49,35,598	1,54,465	22,000	12,000	51,24,063	49,47,897	...
Shwebo Canal	29,71,602	8,49,199	5,40,000	4,60,000	48,20,801	46,28,060	...
Mon Canals	80,798	1,69,223	5,48,000	6,77,000	14,75,021	42,63,836	27,88,815
Ye-u Canal	...	...	1,90,000	3,51,000	5,41,000	34,05,297	28,64,297
<i>Bengal.</i>							
Orissa Canals	2,59,71,406	27,737	23,000	50,000	2,60,72,143	...	...
Midnapur Canal	82,93,548	4,028	7,000	26,000	83,30,576	...	...
Hijili Tidal Canal	25,51,641	...	...	...	25,51,641	...	...
Sone Canal	2,58,04,391	2,441	3,000	4,000	2,58,13,832	...	...
<i>United Provinces.</i>							
Ganges Canal	2,96,40,857	5,09,248	3,50,000	7,15,000	3,12,15,105	...	...
Lower Ganges Canal	3,39,42,863	2,26,687	2,24,000	4,59,000	3,48,52,550	...	...
Ditto, Fatehpur Branch	32,30,847	35,041	16,000	90,000	33,71,888	...	...
Agra Canal	94,57,301	1,38,725	2,10,000	2,68,000	1,00,74,026	...	...
Eastern Jumna Canal	42,79,693	1,87,800	1,00,000	1,68,000	47,35,493	...	...
<i>Punjab.</i>							
Western Jumna Canal	1,64,74,934	—149	30,000	...	1,65,04,785	...	...
Bari Doab Canal	1,89,85,071	1,27,168	1,69,000	3,00,000	1,95,81,239	...	...
Sirhind Canal (State outlay)	2,35,75,156	62,646	52,000	10,000	2,36,99,802	...	...
Lower Chenab Canal	2,72,93,042	1,25,085	1,29,000	...	2,75,47,127	...	...
Lower Jhelum Canal	1,30,19,216	9,17,786	7,88,000	2,00,000	1,49,25,002	1,83,95,782	34,70,780
Indus Inundation Canals	8,40,666	5,95,626	3,91,000	40,000	18,67,292	...	...
Upper Jhelum Canal	...	13,424	11,63,000	20,00,000	31,76,424	2,90,70,397	2,58,93,973
Upper Chenab Canal	...	30,362	18,54,000	26,50,000	45,34,362	2,89,29,792	2,43,95,430
Lower Bari Doab Canal	...	...	...	...	...	1,78,11,842	1,78,11,842
<i>North-West Frontier Province.</i>							
Paharpur Inundation Canal	...	...	1,61,000	3,00,000	4,61,000	7,07,703	2,46,703
<i>Madras.</i>							
Godavari Delta System	1,15,80,489	1,80,091	1,40,000	2,33,000	1,21,33,580	...	...
Kistna Delta System	1,38,98,043	4,35,438	1,39,000	1,53,000	1,46,25,481	...	...
Pennér River Canals System	53,90,771	70,505	37,000	68,000	55,66,276	...	...
Periyar Project	88,79,012	1,30,357	1,80,000	4,36,000	96,25,369	...	...
Cauvery Delta system	30,05,628	1,11,401	1,48,000	1,84,000	34,49,029	...	...
Nagavalli River Project	...	...	1,30,000	4,92,000	6,22,000	10,36,606	4,14,606
Divi Island Project	...	...	1,40,000	8,21,000	9,61,000	18,06,000	8,45,000
<i>Bombay.</i>							
Desert Canal	25,70,617	20,145	12,000	...	26,02,762	...	...
Begari Canal	16,57,544	...	...	1,24,000	17,81,544	...	...
Eastern Nara Works	63,09,897	73,724	33,000	33,000	64,49,621	...	...
Jamrao Canal	82,35,898	—1,98,589	—64,000	...	79,73,309	...	...
Mutha Canals	68,95,081	34,951	1,000	1,87,000	71,18,032	...	...
<i>Other projects</i>	3,59,98,872	4,65,445	4,17,000	14,22,000	3,83,03,317	...	...
<i>Deduct—Outlay incurred from Ordinary Revenues</i>	35,57,70,482	55,00,010	82,83,000	1,29,33,000	38,24,86,492	...	...
	5,84,59,602	82,429	1,65,000	4,33,000	5,91,40,031	...	...
Carried over	29,73,10,880	54,17,581	81,18,000	1,25,00,000	32,33,46,461	...	...

FINANCIAL STATEMENT OF THE
APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV.—Capital Expenditure on Irrigation—Major Works, in 1904-1905, and estimated expenditure on such works in 1905-1906 and 1906-1907, and to the end of 1906-1907.

	Actual outlay to end of 1903-1904.	Accounts, 1904-1905.	Revised Estimate, 1905-1906.	Budget Estimate, 1906-1907.	Total actual and estimated outlay to end of 1906-1907.	Sanctioned estimate.	Balance of sanctioned estimate remaining to be spent.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Brought forward	29,73,10,880	54,17,581	81,18,000	1,25,00,000	32,33,46,461	...	...
PROTECTIVE IRRIGATION WORKS.							
Central Provinces.							
Tank Projects	5,10,272	6,22,638	5,12,000	10,84,000	27,28,910	...	...
Bengal.							
Tribeni Canal	8,62,560	3,61,589	4,15,000	7,55,000	23,94,149	50,20,251	2,26,102
United Provinces.							
Betwa Canal (including Dukwa weir)	44,26,176	2,09,031	5,65,000	5,86,000	57,86,207	...	...
Ken Canal	88,868	6,53,295	14,20,000	11,20,000	32,82,163	36,74,729	3,92,566
Dassan Canal	...	...	1,55,000	6,45,000	8,00,000	38,79,619	30,79,619
North-West Frontier Province.							
Swat River Canal	40,21,592	1,397	1,000	91,000	41,24,989	...	...
Madras.							
Rushikulya Project	45,40,483	59,082	35,000	61,000	46,95,565	...	...
Mopad Project	...	1,747	2,46,000	5,68,000	8,15,747	11,36,000	3,20,253
Bombay.							
Chankapur Tank	2,00,069	1,50,041	1,52,000	3,74,000	8,76,110	13,11,518	4,35,408
Nira Canal	53,67,449	3,561	9,000	6,000	53,86,010	...	...
Other projects	35,71,443	69,374	1,05,000	3,87,000	41,32,817	...	...
	2,35,88,912	21,31,755	36,25,000	56,77,000	3,50,22,667	...	...
Deduct—Outlay incurred from Ordinary Revenues	29,96,450	...	...	...	29,96,450	...	...
TOTAL	2,05,92,462	21,31,755	36,25,000	56,77,000	3,20,26,217	..	...
GRAND TOTAL	31,79,03,342	75,49,336	1,17,43,000	1,81,77,000	35,53,72,678	...	...

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table V.—Gross traffic receipts, working expenses, and net traffic receipts of Guaranteed and State Railways for five years ending 1904-1905, with Revised Estimates for 1905-1906 and Budget Estimates for 1906-1907.

(Omitting 000 except in accounts).

	ACCOUNTS.					Revised Estimate, 1905-1906	Budget Estimate, 1906-1907.
	1900-1901.	1901-1902.	1902-1903.	1903-1904.	1904-1905.		
	M.	M.	M.	M.	M.	M.	M.
GUARANTEED RAILWAYS.							
Open mileage at beginning of year	2,612	1,305	1,334	1,349	1,408	1,408	9,04
<i>Gross Traffic Receipts.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Madras	1,15,52,942	1,10,33,035	1,20,68,312	1,27,77,060	1,34,30,576	1,40,00	1,43,00
Ditto Extensions	...	56,465	1,85,889	3,17,370	3,75,918	3,65	4,00
Bombay, Baroda and Central India	1,73,43,582	1,55,00,276	1,60,11,316	1,68,06,857	1,85,06,650	1,36,25	...
Great Indian Peninsula	89,29,427	...	...	...	...	...	...
TOTAL	3,78,25,951	2,65,89,776	2,82,66,517	2,99,01,287	3,23,13,144	2,79,90	1,47,00
<i>Working Expenses.</i>							
Madras	56,71,710	56,45,793	61,69,379	69,95,955	76,05,016	79,00	82,00
Ditto Extensions	...	22,046	79,538	1,48,793	2,02,666	2,00	2,35
Bombay, Baroda and Central India	83,57,857	71,97,104	78,24,865	86,34,593	83,83,254	62,00	...
Great Indian Peninsula	40,42,892	...	...	...	...	...	...
TOTAL	1,80,72,459	1,28,64,943	1,40,73,782	1,57,79,341	1,61,90,936	1,43,00	84,35
<i>Net Traffic Receipts.</i>							
Madras	58,81,232	53,87,242	58,98,933	57,81,105	58,25,560	61,00	61,00
Ditto Extensions	...	34,419	1,07,351	1,68,577	1,73,252	1,65	1,65
Bombay, Baroda and Central India	89,85,725	83,03,172	81,86,451	81,72,264	1,01,23,396	74,25	...
Great Indian Peninsula	48,86,535	...	...	...	...	...	...
TOTAL	1,97,53,492	1,37,24,833	1,41,92,735	1,41,21,946	1,61,22,208	1,36,90	62,65

FINANCIAL STATEMENT OF THE
APPENDIX IV—continued.

	ACCOUNTS.					Revised Estimate, 1905-1906.	Budget Estimate, 1906-1907.
	1900-1901.	1901-1902.	1902-1903.	1903-1904.	1904-1905.		
STATE RAILWAYS.							
(a)							
Open mileage at beginning of year	M. 17,136	M. 19,295	M. 19,380	M. 20,119	M. 20,744	M. 20,330	M. 21,521
Gross Traffic Receipts.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
East Indian { England	3,450	3,450	3,450	3,450	3,450	3	3
India	6,75,19,065	7,10,62,672	6,74,11,071	7,08,45,143	7,61,21,110	7,65,00	7,90,00
Rajputana-Malwa System	2,84,65,308	2,81,18,427	2,49,93,926	2,19,35,587	2,54,29,995	2,85,00	2,90,00
Bhopal	2,55,120	2,92,862	3,46,103	3,77,177	3,95,734	3,25	3,25
Palampur-Deesa	40,983	39,190	31,756	28,155	31,619	35	35
Warora Colliery	6,59,350	6,98,956	6,74,934	5,52,948	5,51,760	5,50	4,50
Wardha Coal	1,75,380	...	...	...	...	...	...
Bengal-Nagpur	1,21,44,574	1,35,36,367	1,45,37,860	1,65,95,948	1,98,35,177	2,55,00	2,80,00
Burma Railways	1,13,34,182	1,22,32,691	1,26,67,364	1,41,06,869	1,51,48,710	1,58,00	1,65,00
Assam-Bengal	18,21,277	20,92,758	21,10,110	25,87,822	29,88,285	35,00	40,00
Jorhat	85,785	83,310	88,476	89,205	75,720	80	82
Cherra-Companyganj	4,818	2,828	...	...	...	...	...
Eastern Bengal	1,71,05,226	1,70,14,290	1,75,21,934	1,87,14,401	1,92,64,510	2,20,00	2,30,00
Bengal and North-Western, and Tirhoot	84,24,104	99,79,539	1,02,19,920	1,21,67,584	1,28,88,240	63,00	66,00
Bengal Central	13,61,919	13,93,160	13,24,944	15,05,612	15,68,378	3,55	...
Brahmaputra-Sultanpur Branch	...	1,62,203	2,40,827	2,69,758	1,721	...	...
Oudh and Rohilkhand	1,16,10,252	1,35,20,795	1,35,27,277	1,40,12,128	1,54,69,228	1,59,00	1,65,00
Indian Midland { England	...	45,000	...	...	...	...	...
India	89,21,183	83,73,471	90,10,835	77,85,868	83,35,493	86,00	88,50
Lucknow-Bareilly	12,74,927	13,86,506	14,53,542	14,29,244	14,93,378	16,50	17,00
Hardwar-Dehra	48,031	2,27,429	2,53,685	2,65,261	2,69,354	3,25	3,25
North-Western	3,22,31,188	4,26,53,446	4,18,16,329	5,20,87,345	6,33,47,929	5,75,00	6,20,00
South Indian	90,20,566	1,03,68,269	1,09,05,420	1,21,89,359	1,27,61,620	1,30,00	1,33,50
Mysore	14,53,141	14,04,895	16,42,156	15,66,130	15,82,491	18,50	17,00
Nilgiri	...	...	...	2,74,905	2,90,129	3,15	3,20
Agra Delhi Chord	...	...	...	...	18,070	8,05	13,00
Bezwada Extension	...	2,64,398	3,02,442	3,07,113	3,20,656	3,50	3,50
North East Line, Madras Railway (East Coast, Southern Section)	60,95,150	46,90,260	44,53,516	46,03,446	55,91,475	67,00	70,00
Guntakal-Mysore Frontier	4,59,810	4,37,238	4,72,119	5,17,267	8,18,265	8,25	7,50
Tinnevely-Quilon	...	...	69,746	2,03,472	3,59,584	4,95	5,00
Mayavaram-Mutupet	2,42,502	2,97,287	3,31,866	4,10,936	5,47,235	6,00	6,20
Dhond and Manmad (net)	2,11,534	...	...	...	...	...	...
Southern Mahratta	63,75,599	57,12,614	65,62,022	67,81,358	74,09,721	82,00	80,00
Hyderabad-Shadipalli	1,97,480	...	...	...	...	...	...
Jodhpur-Hyderabad (British Sec- tion)	12,802	4,00,599	5,05,058	5,83,491	5,90,818	8,50	8,00
Great Indian Peninsula	2,67,52,243	4,26,63,480	4,35,86,154	4,58,51,887	4,99,95,200	5,32,50	5,40,00
Bombay, Baroda and Central India	...	...	...	...	...	47,50	2,00,00
Hospet Kottur	...	...	...	...	...	44	44
Bellary Rayadrug	...	...	...	...	...	30	40
Tirrupattur-Krishnagiri	...	...	...	...	...	25	48
Morappur-Dharmapuri	...	...	...	...	...	6	37
In England	3,450	48,450	3,450	3,450	3,450	3	3
„ India	25,43,03,499	28,91,09,940	28,70,61,392	30,86,45,419	34,35,01,605	35,55,15	38,52,20
TOTAL	25,43,06,949	28,91,58,390	28,70,64,842	30,86,48,869	34,35,05,055	35,55,18	38,52,29

(a) Includes the length of the Bengal and North-Western Railway except for Revised Estimate, 1905-1906, and Budget Estimate, 1906-1907.

APPENDIX IV—continued.

	ACCOUNTS.					Revised Estimate, 1905-1906.	Budget Estimate, 1906-1907.
	1900-1901.	1901-1902.	1902-1903.	1903-1904.	1904-1905.		
<i>Working Expenses.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
East Indian	2,44,32,167	2,61,51,049	2,61,45,029	2,62,26,989	2,81,18,126	2,85,50	2,92,00
Rajputana-Malwa System . . .	1,46,14,424	1,30,31,577	1,18,36,743	1,11,21,644	1,16,67,461	1,26,00	1,26,00
Bhopal	1,27,788	1,48,626	1,74,867	1,85,736	1,97,668	1,60	1,60
Palanpur-Deesa	37,279	25,256	25,375	21,987	19,662	23	23
Warora Colliery	4,18,647	4,33,330	4,44,571	3,82,076	3,75,159	3,70	3,40
Wardha Coal	94,626	...	...	...	...	...	...
Bengal-Nagpur	53,76,704	72,65,514	74,31,631	86,21,206	97,10,297	1,18,00	1,25,00
Burma Railway	66,60,429	73,85,882	77,32,319	89,17,418	93,93,401	1,02,78	1,02,00
Assam-Bengal	14,25,435	16,96,274	18,61,892	20,81,249	30,46,275	33,00	34,00
Jorhat	94,770	84,715	83,046	80,280	81,672	73	76
Cherrá-Companyganj	19,534	7,640	...	...	...	...	...
Eastern Bengal	81,43,336	87,19,070	88,83,728	99,98,494	99,5,097	1,18,00	1,29,50
Bengal and North-Western, and Tirhoot	75,64,228	74,10,199	80,26,894	87,88,628	1,01,27,727	27,50	28,50
Bengal Central	9,20,155	9,00,740	9,13,996	11,25,074	10,75,964	4,65	...
Brahmaputra-Sultanpur Branch .	...	82,471	1,31,113	1,47,254	8,510	...	...
Oudh and Rohilkhand	58,76,434	65,83,646	65,35,525	70,31,234	81,74,262	87,50	96,00
Indian Midland	43,98,626	42,14,819	46,23,692	39,04,410	41,09,863	41,00	43,50
Lucknow-Bareilly	6,92,805	7,69,986	7,50,202	7,24,648	8,32,539	7,50	7,75
Hardwar-Dehra	24,016	1,24,969	1,47,440	1,55,680	1,57,191	2,00	2,00
North Western	1,88,63,796	2,22,52,333	2,42,93,882	2,64,98,970	2,91,09,608	3,02,00	3,53,50
South Indian	47,99,860	55,50,380	51,28,993	60,53,945	66,99,779	73,00	77,00
Mysore	10,78,609	11,27,457	11,88,564	11,03,305	11,57,852	13,00	12,50
Nilgiri	...	...	...	2,00,918	2,23,967	2,65	2,90
Agra Delhi Chord	...	...	...	...	8,079	3,85	6,35
Bezwada Extension	...	1,20,248	1,49,334	1,52,891	1,41,701	1,45	1,50
North East line, Madras Rail ^{way} (East Coast, Southern Section)	33,96,035	25,12,717	30,07,291	29,71,686	38,03,792	41,50	43,00
Guntakal-Mysore Frontier . . .	2,95,561	3,10,308	2,92,918	3,05,337	5,12,162	4,90	4,80
Tinnevely-Quilon	...	...	29,574	89,900	1,96,312	2,55	2,80
Mayavaram-Mutupet	1,35,869	1,63,106	1,61,797	2,05,581	2,91,361	3,45	3,90
Southern Mahratta	48,03,985	44,92,654	46,99,571	48,09,622	52,29,796	57,00	54,00
Hyderabad-Shadipalli	1,25,616	...	...	...	...	...	...
Jodhpur-Hyderabad (British Sec- tion)	12,217	2,44,773	2,91,566	3,21,112	2,95,152	4,00	4,00
Great Indian Peninsula	1,25,52,735	2,05,75,278	2,24,16,610	2,34,45,061	2,47,61,525	2,56,00	2,62,00
Bombay, Baroda and Central India	...	...	...	...	...	18,50	95,50
Hospet-Kottur	...	...	...	...	...	44	44
Bellary-Rayadrug	...	...	...	...	...	25	35
Tirruppatur-Krishnagiri	...	...	...	...	...	25	48
Morappur-Dharmapuri	...	...	...	...	...	6	34
TOTAL	12,69,85,686	14,23,85,017	14,74,08,163	15,56,72,365	16,94,31,560	17,44,54	19,17,60

APPENDIX IV—continued.

	ACCOUNTS.					Revised Estimate, 1905-1906.	Budget Estimate, 1906-1907.
	1900-1901.	1901-1902.	1902-1903.	1903-1904.	1904-1905.		
<i>Net Traffic Receipts.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
East Indian	4,30,90,348	4,49,15,073	4,12,69,492	4,46,21,604	4,80,06,434	4,79,53	4,98,03
Rajputana-Malwa System	1,38,50,884	1,50,86,850	1,31,57,183	1,08,13,943	1,37,62,534	1,59,00	1,64,00
Bhopal	1,27,332	1,44,236	1,71,236	1,91,441	1,98,066	1,65	1,65
Palanpur-Deesa	3,704	13,934	6,381	6,168	11,957	12	12
Warora Colliery	2,40,703	2,65,626	2,30,363	1,70,872	1,76,601	1,80	1,10
Wardha Coal	80,754	...	...	...	...	...	...
Bengal-Nagpur	67,67,870	62,70,853	71,06,229	79,74,742	1,01,24,880	1,37,00	1,55,00
Burma Railways	46,73,753	48,46,809	49,35,045	51,89,451	57,55,309	55,22	63,00
Assam-Bengal	3,95,842	3,96,484	2,48,218	5,06,573	—57,990	2,00	6,00
Jorhat	—8,985	—1,405	5,430	8,925	—5,952	7	6
Cherra-Companyganj	—14,716	—4,812	...	...	...	...	...
Eastern Bengal	89,61,890	82,95,220	86,38,206	87,15,907	93,59,413	1,02,00	1,00,50
Bengal and North-Western, and Tirhoot	8,59,876	25,69,340	21,93,026	33,78,956	27,60,513	35,50	37,50
Bengal Central	4,41,764	4,92,420	4,10,948	3,80,538	4,92,414	—1,10	...
Brahmaputra-Sultanpur Branch	...	79,732	1,09,714	1,22,504	—6,789	...	...
Oudh and Rohilkhand	57,33,818	69,37,149	69,91,752	69,80,894	72,94,966	7,50	69,00
Indian Midland	45,22,557	42,03,652	43,87,143	38,81,428	42,25,830	45,00	45,00
Lucknow-Bareilly	5,82,122	6,16,520	7,03,340	7,04,596	6,60,839	9,00	9,25
Hardwar-Dehra	24,015	1,02,460	1,06,245	1,09,581	1,12,163	1,25	1,25
North Western	1,33,67,392	2,04,01,113	1,75,22,447	2,55,88,375	3,42,38,321	2,73,00	2,66,50
South Indian	42,20,706	48,17,889	57,76,427	61,35,414	60,61,841	57,00	56,50
Mysore	3,74,532	2,77,438	4,53,592	4,62,825	4,24,839	5,50	4,50
Nilgiri	...	...	...	73,987	66,162	50	30
Agra Delhi Chord	...	...	...	...	9,991	4,20	6,65
Bezwada Extension	...	1,44,150	1,53,108	1,54,222	1,78,955	2,05	2,00
North East line, Madras Railway (East Coast, Southern Section).	26,99,115	21,77,543	14,46,225	16,31,760	17,87,683	25,50	27,00
Guntakal-Mysore Frontier	1,64,249	1,26,930	1,79,201	2,11,930	3,06,103	3,35	2,70
Tinnevely-Quilon	...	...	40,172	1,13,572	1,63,272	2,40	2,20
Mayavaram-Mutupet	1,06,633	1,34,181	1,70,069	2,05,355	2,55,874	2,55	2,30
Dhond and Manmad	2,11,534	...	...	...	...	...	...
Southern Mahratta	15,71,614	12,19,960	18,62,451	19,71,736	21,79,925	25,00	26,00
Hyderabad-Shadipalli	71,864	...	...	...	...	...	...
Iodhpur-Hyderabad (British Sec- tion)	585	1,55,826	2,13,492	2,62,379	2,95,666	4,50	4,00
Great Indian Peninsula	1,41,99,508	2,20,88,202	2,11,69,544	2,24,06,826	2,52,33,675	2,76,50	2,78,00
Bombay, Baroda and Central India	...	...	...	...	...	29,00	1,04,50
Hospet-Kottur	...	...	...	...	...	...	...
Bellary-Rayadrug	...	...	...	...	...	5	5
Tirrupattur-Krishnagiri	...	...	...	...	...	...	...
Morappur-Dharmapuri	...	...	...	...	...	...	3
TOTAL	12,73,21,263	14,67,73,373	13,96,56,679	15,29,76,504	17,40,73,495	18,10,64	19,34,69

APPENDIX IV—continued.

COMMERCAIL AND FINANCIAL STATISTICS.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1904-05, with Revised Estimates for 1905-06, and Budget Estimates for 1906-07.

	ACTUALS.					Revised Estimate, 1905-06.	Budget Estimate, 1906-07.
	1900-01.	1901-02.	1902-03.	1903-04.	1904-1905.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
DIRECT RECEIPTS—							
Mandalay canal . . .	...	...	17,803	79,048	70,695	2,75,000	2,75,000
Orissa canals . . .	4,08,888	3,49,006	4,05,592	4,29,897	3,88,900	4,66,000	4,46,000
Midnapur canal . . .	2,34,213	2,40,992	2,24,150	2,20,343	2,06,215	2,05,000	1,94,000
Hijili Tidal canal . . .	47,349	47,942	41,050	42,334	45,242	58,000	52,000
Sone canals . . .	11,15,881	11,38,971	14,50,516	13,28,315	14,05,810	14,21,000	13,80,000
Ganges canal . . .	38,83,058	28,27,161	35,23,554	32,95,743	34,46,755	30,05,000	38,12,000
Lower Ganges canal . . .	21,86,673	19,96,655	22,82,197	23,40,320	24,98,352	20,05,000	25,62,000
Ditto, Fatehpar Branch . . .	84,969	80,380	1,35,186	2,46,399	2,82,584	1,70,000	4,07,000
Agra canal . . .	9,27,398	6,65,736	8,80,933	8,37,371	8,91,284	4,60,000	6,84,000
Eastern Jumna canal . . .	12,34,495	11,79,374	13,53,857	11,92,809	13,02,309	10,60,000	12,05,000
Betwa canal . . .	56,896	75,562	1,06,859	1,42,688	1,72,992	2,27,000	1,29,000
Western Jumna canal . . .	25,33,190	21,84,804	23,61,573	24,09,698	27,34,556	19,01,000	17,50,000
Lower Chenab canal . . .	42,77,499	53,47,867	62,03,439	72,17,299	73,38,371	62,23,000	74,00,000
Bari Doab canal . . .	30,16,243	28,52,395	32,97,204	33,03,413	33,35,459	31,46,000	33,70,000
Sirhind canal . . .	30,53,344	23,15,816	27,82,581	27,41,580	26,85,001	26,62,000	26,90,000
Lower Jhelum canal . . .	...	...	24,104	2,83,611	4,73,231	8,38,000	14,20,000
Indus Inundation canals . . .	...	...	...	1,36,764	1,07,344	1,14,000	1,20,000
Swat River canal . . .	4,84,502	4,57,845	4,82,394	5,10,505	4,82,779	4,40,000	5,00,000
Godavari Delta System . . .	1,15,714	1,10,381	1,04,532	1,07,943	1,11,389	1,13,000	1,13,000
Kistna " " . . .	87,066	70,850	78,578	86,005	70,184	72,000	72,000
Pennér River canals " . . .	2,387	3,512	1,938	1,602	1,890	3,000	3,000
Periyar Project . . .	1,624	1,615	2,168	3,017	2,547	3,000	3,000
Cauvery Delta System . . .	1,733	1,664	3,315	3,148	1,432	2,000	2,000
Rushikulya Project . . .	2,027	5,084	2,811	1,958	751	1,000	1,000
Desert canal . . .	39,462	48,290	53,023	49,591	1,52,059	1,01,000	1,01,000
Begari " . . .	59,348	47,713	44,956	18,496	67,498	62,000	62,000
Eastern Nara Works . . .	28,705	27,154	26,578	26,025	36,094	41,000	25,000
Mutha canals . . .	2,12,883	2,05,926	2,98,645	3,27,935	2,70,328	3,36,000	3,35,000
Nira canal . . .	1,33,866	2,28,058	2,31,616	2,54,754	1,23,191	2,14,000	2,57,000
Jamrao canal . . .	2,060	5,128	43,686	1,70,160	1,46,572	1,13,000	18,000
Other projects . . .	5,39,678	7,87,784	7,79,181	9,91,678	10,63,157	9,37,000	10,51,000
TOTAL . . .	2,47,71,151	2,33,93,665	2,72,44,019	2,88,00,449	2,99,14,971	2,66,74,000*	3,04,39,000*
PORTION OF LAND REVENUE DUE TO IRRIGATION—							
Mandalay canal . . .	...	...	4,619	13,748	19,216	21,000	24,000
Ganges canal . . .	7,80,511	8,26,342	8,72,442	8,93,659	9,05,865	9,66,000	9,06,000
Lower Ganges canal . . .	2,09,586	2,09,586	2,09,586	2,65,747	3,04,245	3,04,000	3,04,000
Eastern Jumna " . . .	2,50,989	2,52,041	2,53,952	2,53,952	2,53,952	2,54,000	2,54,000
Lower Chenab canal . . .	6,32,690	10,46,645	10,56,041	11,38,808	13,63,773	9,68,000	12,40,000
Bari Doab canal . . .	2,33,160	2,36,603	2,38,756	2,49,263	2,61,668	2,30,000	2,30,000
Lower Jhelum " . . .	...	...	13,706	—60,465	12,724	80,000	2,80,000
Indus Inundation canals . . .	...	...	...	2,69,918	2,71,538	2,62,000	2,55,000
Swat River canal . . .	42,550	44,580	47,284	55,240	51,248	51,000	50,000
Godavari Delta System . . .	29,25,382	30,93,882	29,68,262	29,15,810	32,74,398	32,44,000	32,44,000
Kistna " " . . .	26,34,552	27,42,392	27,25,450	25,13,947	29,23,231	29,36,000	29,36,000
Pennér River canals " . . .	3,57,541	3,69,205	3,70,918	3,77,049	85,518	3,77,000	3,77,000
Periyar Project . . .	3,88,061	4,43,315	4,56,571	4,51,757	4,73,813	4,86,000	4,97,000
Cauvery Delta System . . .	9,20,483	9,25,995	9,21,373	9,14,310	9,20,194	9,14,000	9,15,000
Rushikulya Project . . .	87,131	95,844	94,832	90,318	97,589	1,00,000	1,01,000
Desert canal . . .	1,60,930	1,39,985	1,41,889	1,59,159	1,64,772	1,76,000	1,98,000
Begari " . . .	4,16,913	3,34,669	3,14,732	3,72,424	3,15,487	3,59,000	3,69,000
Eastern Nara Works . . .	5,10,522	4,49,513	4,93,647	5,00,159	5,08,482	5,21,000	5,35,000
Mutha canals . . .	—3,869	—8,085	—8,063	—10,113	—6,459	...	...
Nira canal . . .	—6,584	—17,310	—17,465	—12,615	—6,036	...	...
Jamrao canal . . .	3,30,642	4,21,049	4,97,692	4,79,936	5,08,190	6,58,000	7,16,000
Other projects . . .	3,65,056	5,88,706	5,53,665	7,25,079	6,95,335	8,38,000	8,51,000
TOTAL . . .	1,12,36,240	1,22,00,057	1,22,15,889	1,25,57,000	1,33,98,743	1,36,80,000	1,42,82,000

*Excluding Civil officers' figures as under:—

	Revised, Rs.	Budget, Rs.
United Provinces . . .	2,40,000	2,20,000
Punjab . . .	11,50,000	11,53,000
Total . . .	13,90,000	13,73,000

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1904-05, with Revised Estimates for 1905-06, and Budget Estimates for 1906-07—continued.

	ACTUALS.					Revised Estimate, 1905-06.	Budget Estimate, 1906-07.
	1900-01.	1901-02.	1902-03.	1903-04.	1904-1905.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
TOTAL REVENUE—							
Mandalay canal . . .	...	...	22,422	92,796	89,911	2,96,000	2,99,000
Orissa canals . . .	4,08,888	3,49,006	4,05,592	4,29,897	3,88,900	4,66,000	4,46,000
Midnapur canal . . .	2,34,213	2,40,992	2,24,150	2,20,343	2,06,215	2,05,000	1,94,000
Hijili Tidal canal . . .	47,349	47,942	41,050	42,334	45,242	58,000	52,000
Sone canals . . .	11,15,881	11,38,971	14,50,516	13,28,315	14,05,810	14,21,000	13,80,000
Ganges canal . . .	46,63,569	36,53,503	43,95,996	41,89,402	43,52,620	39,11,000	47,18,000
Lower Ganges canal . . .	23,96,259	22,06,241	24,91,783	26,06,067	28,02,597	23,09,000	28,66,000
Ditto, Fatehpur Branch . . .	84,969	80,380	1,35,186	2,46,399	2,82,584	1,70,000	4,07,000
Agra canal . . .	9,27,398	6,65,736	8,80,933	8,37,371	8,91,284	4,60,000	6,84,000
Eastern Jumna canal . . .	14,85,484	14,31,415	16,07,809	14,46,761	15,56,261	13,14,000	14,59,000
Betwa canal . . .	56,896	75,562	1,06,859	1,42,688	1,72,992	2,27,000	1,29,000
Western Jumna canal . . .	25,33,190	21,84,804	23,61,573	24,09,698	27,34,556	19,01,000	17,50,000
Lower Chenab canal . . .	49,10,189	63,94,512	72,59,480	83,56,107	87,02,144	71,86,000	86,42,000
Bari Doab canal . . .	32,49,403	30,88,998	35,35,960	35,52,676	35,97,127	33,76,000	36,00,000
Sirhind canal . . .	30,53,344	23,15,816	27,82,581	27,41,580	26,85,001	26,62,000	26,90,000
Lower Jhelum canal . . .	...	...	37,810	2,23,146	4,85,955	9,18,000	17,00,000
Indus Inundation canals . . .	...	...	...	4,06,682	3,78,882	3,76,000	3,75,000
Swat River canal . . .	5,27,052	5,02,425	5,29,678	5,65,745	5,34,027	4,91,000	5,50,000
Godavari Delta System . . .	30,41,096	32,04,263	30,72,794	30,23,753	33,85,787	33,57,000	33,57,000
Kistna " " . . .	27,21,618	28,13,242	28,04,028	25,99,952	29,93,415	30,08,000	30,08,000
Pennér River canals " " . . .	3,59,928	3,72,717	3,72,856	3,78,651	87,408	3,80,000	3,80,000
Periyar Project . . .	3,89,685	4,44,930	4,58,739	4,54,771	4,76,360	4,89,000	5,00,000
Cauvery Delta System . . .	9,22,216	9,27,659	9,24,688	9,17,458	9,21,626	9,16,000	9,17,000
Rushikulya Project . . .	89,158	1,00,928	97,643	92,276	98,340	1,01,000	1,02,000
Desert canal . . .	2,00,392	1,88,275	1,94,912	2,08,750	3,16,831	2,77,000	2,99,000
Begari " " . . .	4,76,261	3,82,382	3,59,688	3,90,920	3,82,985	4,21,000	4,31,000
Eastern Nara Works . . .	5,39,227	4,76,667	5,20,225	5,26,184	5,44,576	5,62,000	5,00,000
Mutha canals . . .	2,09,014	2,87,841	2,90,582	3,17,822	2,63,869	3,36,000	3,35,000
Nira canal . . .	1,27,282	2,16,748	2,20,151	2,12,139	1,17,155	2,14,000	2,57,000
Jamrao canal . . .	3,32,702	4,26,177	5,41,378	6,50,096	6,54,762	7,71,000	7,34,000
Other projects . . .	9,04,734	13,76,490	13,32,846	17,16,757	17,58,492	17,75,000	19,02,000
TOTAL . . .	3,60,07,397	3,55,94,622	3,94,40,245	4,13,57,539	4,33,13,714	4,03,54,000	4,47,21,000
WORKING EXPENSES—							
Mandalay canal . . .	...	...	30,312	92,027	75,301	1,21,000	1,28,000
Orissa canals . . .	4,18,409	3,95,100	3,61,432	3,57,837	3,18,396	3,30,000	3,28,000
Midnapur canal . . .	1,63,234	1,61,668	1,44,522	1,41,042	1,31,362	1,61,000	1,44,000
Hijili Tidal canal . . .	30,632	28,658	34,685	23,805	47,652	39,000	50,000
Sone canals . . .	5,76,302	5,47,210	5,27,716	4,94,357	4,90,595	5,20,000	5,53,000
Ganges canal . . .	11,19,864	10,57,425	11,20,924	10,00,807	11,87,448	11,79,000	11,49,000
Lower Ganges canal . . .	10,61,960	10,49,948	10,56,724	11,35,205	10,28,308	9,66,000	10,32,000
Ditto, Fatehpur Branch . . .	1,03,476	1,26,995	1,21,579	1,33,566	1,27,412	1,58,000	1,41,000
Agra canal . . .	2,33,043	2,60,131	2,52,836	2,60,904	2,77,508	2,89,000	2,98,000
Eastern Jumna canal . . .	4,27,362	4,65,063	5,15,809	4,33,254	4,47,027	3,89,000	3,84,000
Betwa canal . . .	86,537	1,01,852	1,22,892	1,08,458	1,24,821	1,24,000	1,24,000
Western Jumna canal . . .	9,14,677	8,65,175	8,17,970	8,47,358	9,33,606	10,00,000	8,80,000
Lower Chenab canal . . .	12,00,241	12,86,828	13,15,846	16,73,711	16,96,071	17,75,000	15,70,000
Bari Doab canal . . .	8,26,926	8,40,911	9,64,870	9,95,494	11,29,036	11,75,000	11,50,000
Sirhind canal . . .	7,70,709	7,93,513	8,35,062	8,47,146	9,19,230	8,70,000	9,20,000
Lower Jhelum canal . . .	...	20,046	1,42,414	2,78,982	4,74,667	6,40,000	5,50,000
Indus Inundation canals . . .	...	...	...	2,93,174	2,22,829	3,00,000	2,70,000
Swat River canal . . .	89,312	86,856	80,111	97,710	1,17,878	96,000	73,000
Godavari Delta System . . .	6,70,826	6,09,464	5,70,647	6,07,601	6,96,655	6,84,000	6,22,000
Kistna " " . . .	5,04,823	5,11,894	4,96,071	6,42,508	7,34,128	6,64,000	5,97,000
Pennér River canals " " . . .	32,120	43,643	55,091	74,963	76,498	80,000	76,000
Periyar Project . . .	83,831	98,493	1,26,351	95,726	91,707	1,00,000	1,12,000
Cauvery Delta System . . .	64,530	36,746	44,048	45,482	65,442	76,000	93,000
Rushikulya Project . . .	76,220	64,377	66,003	55,532	59,376	49,000	80,000
Desert canal . . .	57,976	56,722	99,246	1,19,526	1,22,881	1,20,000	1,15,000
Begari " " . . .	69,133	60,329	87,067	75,250	85,912	1,03,000	75,000
Eastern Nara Works . . .	97,734	98,001	84,196	78,255	1,26,737	98,000	97,000
Mutha canals . . .	66,768	74,943	1,22,653	85,913	95,461	97,000	86,000
Nira canal . . .	42,401	44,229	43,591	47,868	66,394	66,000	58,000
Jamrao canal . . .	64,710	1,52,889	2,18,286	2,09,931	3,15,472	2,60,000	3,05,000
Other projects . . .	4,82,588	5,89,696	8,60,204	8,07,876	8,43,402	9,13,000	14,42,000
TOTAL . . .	1,03,36,344	1,05,28,805	1,13,19,158	1,21,61,268	1,31,29,212	1,34,42,000*	1,34,82,000*

* Excluding Civil officers' figures as under :—

	Rs.	Rs.
United Provinces . . .	38,000	31,000
Punjab . . .	3,000	4,000
Total . . .	41,000	35,000

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1904-05, with Revised Estimates for 1905-06, and Budget Estimates for 1906-07—concluded.

	ACTUALS.					Revised Estimate, 1905-06.	Budget Estimate, 1906-07.
	1900-01.	1901-02.	1902-03.	1903-04.	1904-1905.		
NET REVENUE—	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Mandalay canal	..	...	—7,890	769	14,610	1,75,000	1,71,000
Orissa canals	—9,521	—46,094	44,160	72,060	70,504	1,36,000	1,18,000
Midnapur canal	70,979	79,324	79,628	79,301	74,853	44,000	50,000
Hijili Tidal canal	16,717	19,284	6,365	18,529	—2,410	19,000	2,000
Sone canals	5,39,579	5,91,761	9,22,800	8,33,958	9,15,215	9,01,000	8,27,000
Ganges canal	35,43,705	25,96,078	32,75,072	31,88,595	31,65,172	27,32,000	35,69,000
Lower Ganges canal	13,34,299	11,56,293	14,35,058	14,70,862	17,74,289	13,43,000	18,34,000
Ditto, Fatehpur Branch	—18,507	—46,615	13,607	1,12,833	1,55,172	12,000	2,66,000
Agra canal	6,94,355	4,05,605	6,28,097	5,76,467	6,13,776	1,71,000	3,86,000
Eastern Jumna canal	10,58,122	9,66,352	10,92,000	10,13,507	11,09,234	9,25,000	10,95,000
Betwa canal	—29,641	—26,290	—16,033	34,230	48,171	1,03,000	5,000
Western Jumna canal	16,18,513	13,19,529	15,43,603	15,62,340	18,00,950	9,01,000	8,70,000
Lower Chenab canal	37,09,948	51,07,684	59,43,634	66,82,396	70,06,073	54,11,000	70,70,000
Bari Doab canal	24,22,477	22,48,087	25,71,090	25,57,182	24,68,091	22,01,000	24,50,000
Sirhind canal	22,82,635	15,22,303	19,47,519	18,94,434	17,65,771	17,92,000	17,70,000
Lower Jhelum canal	...	—20,046	—1,04,604	—55,836	11,288	2,78,000	11,50,000
Indus Inundation canals	...	...	...	1,13,508	1,56,053	76,000	1,05,000
Swat River canal	4,37,740	4,15,569	4,49,567	4,68,035	4,16,149	3,95,000	4,77,000
Godavari Delta System	23,70,270	25,94,799	25,02,147	24,16,152	26,89,132	26,73,000	27,35,000
Kistna " "	22,16,795	23,01,348	23,07,957	19,57,444	22,59,287	23,44,000	24,11,000
Pennér River canals "	3,27,808	3,29,074	3,17,765	3,03,688	10,910	3,00,000	3,04,000
Periyar Project	3,05,854	3,46,437	3,32,388	3,59,048	3,84,653	3,89,000	3,88,000
Cauvery Delta System	8,57,686	8,90,913	8,80,640	8,71,976	8,56,184	8,40,000	8,24,000
Rushikulya Project	12,938	36,551	31,640	36,744	38,964	52,000	22,000
Desert canal	1,42,416	1,31,553	95,666	89,224	1,93,950	1,57,000	1,84,000
Begari "	4,07,128	3,22,053	2,72,621	3,15,670	2,97,073	3,18,000	3,56,000
Eastern Nara Works	4,41,493	3,78,666	4,36,029	4,47,929	4,17,839	4,64,000	4,63,000
Mutha canals	1,42,246	2,12,898	1,67,929	2,31,909	1,68,408	2,39,000	2,49,000
Nira canal	84,881	1,72,519	1,76,560	1,94,271	50,761	1,48,000	1,99,000
Jamrao canal	2,67,992	2,73,288	3,23,092	4,40,165	3,39,290	5,11,000	4,29,000
Other projects	4,22,146	7,86,794	4,72,642	9,08,881	9,15,090	8,62,000	4,60,000
TOTAL	2,56,71,053	2,50,65,817	2,81,40,750	2,91,96,271	3,01,84,502	2,69,12,000	3,12,39,000

APPENDIX IV—continued.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS.

Actuals, 1904-1905.

RAILWAYS.		Amount in Rupees.	Amount in sterling at contract rates.	Equivalent at Rs. 15=£1.	Exchange.
GUARANTEED RAILWAYS.		R	£	R	R
RECEIPTS.					
Madras		65,36,062	599,139	89,87,087	-24,51,025
Bombay, Baroda and Central India		51,17,365	341,158	51,17,365	...
TOTAL		1,16,53,427	940,297	1,41,04,452	-24,51,025
ADVANCES.					
Madras		52,53,568	481,577	72,23,658	-19,70,090
Madras Extensions		—68,595	—4,573	—68,595	...
Bombay, Baroda and Central India		39,04,930	260,329	39,04,930	...
TOTAL		90,89,903	737,333	1,10,59,993	-19,70,090
NET RECEIPTS.					
Madras		12,82,494	117,562	17,63,429	-4,80,935
Madras Extensions		68,595	4,573	68,595	...
Bombay, Baroda and Central India		12,12,435	80,829	12,12,435	...
TOTAL		25,63,524	202,964	30,44,459	-4,80,935
SUBSIDIZED RAILWAYS.					
RECEIPTS.					
Gain on re-mittances to India. { Southern Mahratta		...	-29,380	-4,40,700	4,40,700
Capital received in India. {	Ahmedabad-Dholka	22,000	1,467	22,000	...
	Ahmedabad-Parantij	2,000	133	2,000	...
	Hardwar-Dehra	68,000	4,533	68,000	...
	Brahmaputra-Sultanpur	—35,266	—2,351	—35,266	...
	Mymensingh-Jamalpur-Jagannathganj	18,000	1,200	18,000	...
	Tapti Valley	55,000	3,667	55,000	...
TOTAL RECEIPTS		1,29,734	8,649	1,29,734	...
TOTAL RECEIPTS		1,29,734	—20,731	—3,10,966	4,40,700
WITHDRAWALS IN INDIA.					
Assam-Bengal		—10,87,858	—72,524	—10,87,858	...
Bengal Central		—58,310	—3,887	—58,310	...
Bengal-Nagpur		—3,10,861	—20,723	—3,10,861	...
Ditto Extensions		73,57,163	490,477	73,57,163	...
Burma		3,66,387	24,426	3,66,387	...
Indian Midland		17,42,630	116,175	17,42,630	...
Ditto Saugor-Katni		—167	—15	—167	...
Lucknow-Bareilly		—62,827	—4,188	—62,827	...
Mysore		97,323	7,271	1,09,069	—11,746
Southern Mahratta		—11,10,618	—92,551	—13,88,272	2,77,654
		69,32,862	444,465	66,66,954	2,65,908
Ahmedabad-Dholka		39,447	2,630	39,447	...
Ahmedabad-Parantij		1,988	133	1,988	...
Hardwar-Dehra		64,897	4,326	64,897	...
Mymensingh-Jamalpur-Jagannathganj		17,119	1,141	17,119	...
South Behar		—23,076	—1,538	—23,076	...
Tapti Valley		52,387	3,492	52,387	...
		1,52,762	10,184	1,52,762	...
TOTAL WITHDRAWALS		70,85,624	454,649	68,19,716	2,65,908
Net Withdrawals		69,55,890	475,380	71,30,682	—1,74,792
GUARANTEED AND SUBSIDIZED RAILWAYS.					
Net Withdrawals		43,92,366	272,416	47,86,223	3,06,143

APPENDIX IV—continued.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS—
continued.

Revised Estimate, 1905-1906.

RAILWAYS.		Amount in Rupees. (Omitting 000.)	Amount in sterling at contract rates. (Omitting 00.)	Equivalent at Rs. 15=£ 1. (Omitting 000.)	Exchange. (Omitting 000.)
		R	£	R	R
GUARANTEED RAILWAYS.					
RECEIPTS.					
Madras		63,50	582,0	87,30	—23,80
Bombay, Baroda and Central India		38,00	253,3	38,00	...
TOTAL		1,01,50	835,3	1,25,30	—23,80
ADVANCES.					
Madras		44,00	403,3	60,50	—16,50
Madras Extensions		30	2,0	30	...
Bombay, Baroda and Central India		—1,28,51	—856,8	—1,28,51	...
TOTAL		—84,21	—451,5	—67,71	—16,50
NET RECEIPTS.					
Madras		19,50	178,7	26,80	—7,30
Madras Extensions		—30	—2,0	—30	...
Bombay, Baroda and Central India		1,66,51	1,110,1	1,66,51	...
TOTAL		1,85,71	1,286,8	1,93,01	—7,30
SUBSIDIZED RAILWAYS.					
RECEIPTS.					
Capital received in India.	Ahmedabad-Dholka	19	1,3	19	...
	Ahmedabad-Parantij	5	3	5	...
	Amritsar-Pati	9,70	64,7	9,70	...
	Hardwar-Dehra	4	3	4	...
	Mymensingh-Jamalpur-Jagannathganj	34	2,3	34	...
	Tapti Valley	5	3	5	...
TOTAL RECEIPTS		10,37	69,2	10,37	...
WITHDRAWALS IN INDIA.					
Assam-Bengal		—29,03	—193,5	—29,03	...
Bengal Central		—77,71	—518,1	—77,71	...
Bengal-Nagpur		—2,48	—16,5	—2,48	...
Ditto Extensions		62,70	418,0	62,70	...
Burma		8,95	59,7	8,95	...
Indian Midland		8,78	58,5	8,78	...
Ditto Extensions		1,30	8,7	1,30	...
Ducknow-Bareilly		—64	—4,3	—64	...
Mysore		1,53	11,4	1,71	—18
Southern Mahratta		—10,38	—69,2	—10,38	...
		—36,98	—245,3	—36,80	—18
Ahmedabad-Dholka		20	1,3	20	...
Ahmedabad-Parantij		5	3	5	...
Amritsar-Pati		9,70	64,7	9,70	...
Hardwar-Dehra		5	3	5	...
Mymensingh-Jamalpur-Jagannathganj		43	2,9	43	...
South Behar		10	7	10	...
Tapti Valley		7	5	7	...
		10,60	70,7	10,60	...
TOTAL WITHDRAWALS		—26,38	—174,6	—26,20	—18
Net Withdrawals		—36,75	—243,8	—36,57	—18
GUARANTEED AND SUBSIDIZED RAILWAYS.					
Net Withdrawals		—2,22,46	—1,530,6	—2,29,58	7,12

FINANCIAL STATEMENT OF THE
APPENDIX IV—concluded.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS—
concluded.
Budget Estimate, 1906-1907.

RAILWAYS.	Amount in Rupees. (Omitting 000.)	Amount in sterling at contract rates. (Omitting 000.)	Equivalent at Rs. 15=£1. (Omitting 000.)	Exchange. (Omitting 000.)
GUARANTEED RAILWAYS.				
RECEIPTS.	R	£	R	R
Madras	88,28	809,2	1,21,38	- 33,10
ADVANCES.				
Madras	54,50	499,6	74,94	- 20,44
Madras Extensions	40	2,7	40	...
TOTAL	54,90	502,3	75,34	- 20,44
NET RECEIPTS.				
Madras	33,78	309,6	46,44	- 12,66
Madras Extensions	- 40	- 2,7	- 40	...
TOTAL	33,38	306,9	46,04	- 12,66
SUBSIDIZED RAILWAYS.				
RECEIPTS.				
CAPITAL RECEIVED IN INDIA.				
Ahmedabad-Dholka	56	3,7	56	...
Ahmedabad-Parantij	15	1,0	15	...
Amritsar-Pati	4,10	27,3	4,10	...
Hardwar-Dehra	30	2,0	30	...
Mymensingh-Jamalpur-Jagannathganj	10	7	10	...
Tapti Valley	12	8	12	...
TOTAL RECEIPTS	5,33	35,5	5,33	...
WITHDRAWALS IN INDIA.				
Assam-Bengal	- 17,06	- 110,7	- 17,06	...
Bengal-Nagpur	2,79	18,6	2,79	...
Ditto Extensions	11,02	73,5	11,02	...
Burma	11,07	73,8	11,07	...
Indian Midland	25,18	167,8	25,18	...
Ditto Extension	1,00	67	1,00	...
Lucknow-Bareilly	1,95	13,0	1,95	...
Mysore	2,51	17,2	2,58	- 27
Southern Mahratta	- 17,71	- 118,1	- 17,71	...
	19,65	132,8	19,92	- 27
Ahmedabad-Dholka	56	3,7	56	...
Ahmedabad-Parantij	15	1,0	15	...
Amritsar-Pati	4,10	27,3	4,10	...
Hardwar-Dehra	30	2,0	30	...
Mymensingh-Jamalpur-Jagannathganj	10	7	10	...
South Behar	7	5	7	...
Tapti Valley	13	9	13	...
	5,41	36,1	5,41	...
TOTAL WITHDRAWALS	25,06	168,9	25,33	- 27
Net Withdrawals	19,73	133,4	20,00	- 27
GUARANTEED AND SUBSIDIZED RAILWAYS.				
Net Withdrawals	- 13,65	- 173,5	- 26,04	12,39

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA,
ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS,
UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS,
1861 AND 1892 (24 & 25 VICT., CAP. 67,
AND 55 & 56 VICT., CAP. 14).

The Council met at Government House, Calcutta, on Wednesday, the 28th
March, 1906.

PRESENT :

- His Excellency the Earl of Minto, P.C., G.C.M.G., G.M.S.I., G.M.I.E., Viceroy
and Governor General of India, *presiding*.
His Honour Sir A. H. L. Fraser, K.C.S.I., Lieutenant-Governor of Bengal.
His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M.,
G.C.M.G., Commander-in-Chief in India.
The Hon'ble Sir A. T. Arundel, K.C.S.I.
The Hon'ble Sir Denzil Ibbetson, K.C.S.I.
The Hon'ble Mr. H. Erle Richards, K.C.
The Hon'ble Mr. J. P. Hewett, C.S.I., C.I.E.
The Hon'ble Mr. E. N. Baker, C.S.I.
The Hon'ble Major-General C. H. Scott, C.B., R.A.
The Hon'ble Sir Rameshwara Singh, K.C.I.E., Maharaja Bahadur of Dar-
bhanga.
The Hon'ble Rai Sri Ram Bahadur, C.I.E.
The Hon'ble Mr. L. A. S. Porter.
The Hon'ble Mr. L. Hare, C.S.I., C.I.E.
The Hon'ble Mr. H. A. Sim, C.I.E.
The Hon'ble Nawab Fateh Ali Khan, Kazilbash, C.I.E.
The Hon'ble Mr. Gopal Krishna Gokhale, C.I.E.
The Hon'ble Mr. A. A. Apcar, C.S.I.
The Hon'ble Mr. S. Ismay, C.S.I.
The Hon'ble Mr. W. T. Hall, C.S.I.
The Hon'ble Mr. A. C. Logan.
The Hon'ble Nawab Bahadur Khwaja Salimulla of Dacca, C.S.I.
The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur.

DISCUSSION OF THE FINANCIAL STATEMENT FOR 1906-07.

The Hon'ble NAWAB SAIYID MUHAMMAD SAHIB BAHADUR said :—" My Lord, I beg to congratulate the Hon'ble the Finance Member and Your Lordship's Government on the Financial Statement that has been presented to this Council. It is now some years that the element of uncertainty, due mainly to the fluctuations of exchange, has been gradually eliminated from the Budget estimates, and in spite of cautious and partial surrender of revenue from taxation, it has been found possible to provide for a surplus year after year. I notice with pleasure the success that has attended the endeavour to attain a higher standard of accuracy in estimating revenue and expenditure. Thus the final accounts of 1904-1905 agree closely with the estimates at the beginning of the year. The same remark applies to the year which is now drawing to a close, though the conditions in some important provinces were less favourable than were anticipated. It is recognised on all hands that so long as exchange is in stable equilibrium, other causes, however regrettable or unexpected, cannot have a permanently disturbing effect on the Financial administration, and it is this important factor that has enabled the Government to deal more firmly with the problem of taxation than was found feasible in former years. The first word of acknowledgment in this connection is due to the salt tax. When the first reduction of 8 annas on the maund was made the effect was not very noticeable, as the boon did not reach to the poorest consumer. But the further reduction of another 8 annas on the maund has had a decisive effect upon consumption, as the Hon'ble Finance Member points out in paragraph 14 of his statement. Salt is not an article that can be wasted or abused, and the remarkable advance that has taken place in the consumption conclusively proves that the old rate of taxation pressed heavily upon the people, who had to go without the quantity of salt necessary for all their requirements. Even cattle are being given more salt, and the reduction of taxation has had the most beneficial effect, and I venture to think that this great boon which has given a powerful stimulus to the consumption of salt will have ultimately a wholesome effect on the health of the population.

" My Lord, the proposed application of the surplus is such as will commend itself to all right-thinking people. After reducing the salt tax and raising the taxable minimum of income it is in the fitness of things that the claims of the agricultural tax-payer to relief should be considered. I hope the time will come when the Government will be in a position to announce a reduction in the land-revenue demand itself, but in the meantime I gratefully welcome the beginning that has been made in abolishing a number of local cesses which pressed very heavily on the agricultural population. I recognise with special gratitude that the largest surrender of revenue occurs in the Presidency which I have the honour to represent, and that the Ryotwari Village Service Cess in the Madras Presidency has been abolished. At the same time I regret that it has not been found possible to abolish the cess levied in Madras on proprietary or permanently-settled estates. The Hon'ble the Finance Member states that this could not be done because of 'certain practical difficulties that have arisen by reason of the establishments employed in the "Proprietary" tracts of Madras being in a transitional state.' Consequently, the difficulty is not of a permanent nature, and since it is admitted to be a real cess I submit that it may be abolished, on principle, as early as it is found practicable. I am glad the practice of making certain petty appropriations from the funds of District and Local Boards for Provincial purposes is to be abolished, since no criticism of the existing system can be severer than that employed by the Hon'ble the Finance Member himself, who characterises it as 'a blot on our administration of Local Funds.'

" Among the proposed irrigation works I note the reference to the great Tungabhadra project in Madras, though there seems to be no immediate likelihood of its being taken in hand. It is undoubtedly an ambitious scheme, but

[*Nawab Saiyid Muhammad ; Nawab Khwaja Salimulla of Dacca.*]

its scope of utility is correspondingly large, while its importance as a protective work cannot be exaggerated. Before finally making up their minds, I hope the Government of India will give the scheme their best attention and afford the Local Government an opportunity of placing it before them in all its bearings.

"In the memorandum of the Railway Board attached to the Financial Statement, it is satisfactory to find that the Board is devoting its attention to improve the comfort and convenience of third class passengers. The two urgent reforms are the development of the system of communication between passengers and guards and drivers of trains and the general convenience of third class passengers. In the higher classes of carriages the means of communication between passengers and guards and drivers exists on some of the lines at present, but it is still more necessary in third class carriages, particularly in carriages and compartments reserved for females. And as regards the general convenience of third class passengers, the Board admits that a great deal remains to be done.

"My Lord, I may be permitted to draw attention to the claims of Indians to higher appointments under Government in connection with the various redistributions of territories for administrative purposes. Besides such redistributions as have been already effected, there are, I understand, schemes in progress in the Madras Presidency for the creation of new districts out of the old ones which are considered to be too large or unwieldy. In every instance the administrative machinery is to be enlarged and the employment of a larger number of public servants becomes necessary. It is on occasions of this kind that the Government has a fitting opportunity for recognising the claims of the Indians and associating them more largely in the important work of administering the country."

The Hon'ble NAWAB BAHADUR KHWAJA SALIMULLA of Dacca:—
 "My Lord, allow me to congratulate Your Lordship's Government on the very satisfactory budget presented to us and the Hon'ble Finance Member for his clear, lucid and interesting exposition of the dry details of figures. We are grateful to the Government for the remissions in taxation it has granted since the budgets began to shew surpluses, and it was but right and proper that such remissions began with those on whom the taxation was pressing very hardily. The reduction of the salt duty has been one of the greatest blessings that could be conferred on the agricultural population of India, and the remarks of the Financial Member that even the Bhil woman knows that for the same price she ought to get a third more of salt than she used to do, shows that the beneficent results of the reduction have reached the humblest classes of His Majesty's subjects, classes for whom they are intended, and with regard to whom doubts had been expressed in some quarters, as to whether the effects would be felt by them at all. In two years, there has been an increase in consumption to the extent of nearly 34 lakhs of maunds, and the agriculturists are now able to use salt for their cattle. I trust our Finance Minister, before he lays down the reins of office, may be able to announce a further reduction from this Council Chamber to the further relief of the millions of the agricultural population of India. The raising of the taxable limit of incomes has conferred another great boon on the poorer middle classes, whose lot is the hardest in India. Unaccustomed to manual work, many of them, so far Bengal is concerned, unused to trade, their sole means of subsistence are the minor services which afford a scope which must daily become more and more contracted with increasing numbers. The lot of the 'Bhadra loge' in Bengal, Hindu or Mussulman, is very hard indeed, and no boon would be better appreciated by a large class of His Majesty's subjects than if the taxable minimum under the income tax were raised to Rs. 1,500 a year. If this were not possible at an early date, may I venture to suggest that the present minimum of Rs. 1,000 a year should be excluded from all incomes up to Rs. 2,000 a year, for while an income of

[*Nawab Khwaja Salimulla of Dacca.*]

Rs. 1,000 is wholly exempted, an income of Rs. 1,100 a year has to bear the tax on the whole amount. Incomes up to Rs. 2,000 a year are assessed to tax on a lower scale, and might not the Government ease the burden that sits on the bread-winners amongst the poorer classes, by extending the concession in the way I have ventured to suggest. It is a matter of very great disappointment to us, that the countervailing duties on sugar have availed nothing to revive the dying sugar industry of India. The resources of organization, capital and skill, which continental nations have brought to bear upon this industry, have been too much for the humble agriculturists in India, and sugar, like indigo, may soon cease to be an industry that may be taken into account in India. No grant is more useful and looked upon with greater interest by the landed classes than the one for agricultural development and research, and no part of the grant will be better employed than that which may be set apart for improving the sugarcane in India and the methods of their cultivation.

"I have to thank Your Lordship's Government for the abolition of the Dak cess in Bengal; the days when it was necessary have long gone by, and a much needed reform has come to the great relief of the zamindars of Bengal. Though the amount remitted under the heading of cesses, in the combined provinces of Bengal and Assam, amounting to Rs. 3,80,000, is comparatively very small compared to the substantial relief granted to the other provinces in the Ryotwari village service cess and the Patwari cess, I do not grudge the good fortune of our sister provinces; Madras has had a remission of Rs. 28,00,000 and the United Provinces of Rs. 25,54,000: would it be too much to hope for a readjustment of the Road cess in Bengal in the light of these large and substantial remissions to the other provinces of India?

"My Lord, I have the honour to be the first representative in Your Lordship's Council of the new province of Eastern Bengal and Assam. The province has just been born amidst many fears and hopes. I venture to predict that with passing years, as the policy of the Government is better understood and appreciated, the fears will have passed away and the hopes will have become realized. I do not for a moment ignore the strong sentiment of attachment and a passionate desire to cling together, which a seeming severance has so unmistakeably evoked, but I am sure that time will show that there has been no severance, in the sense in which those who were opposed to the creation of the new province understood it, no division of the Bengali-speaking people, Hindus and Mussalmans, no weakening, but on the contrary, a greater development, of the two sister provinces, better government, better education in both, better means of intercommunication and generally a great accession of strength to the Bengali race. The Eastern Province is very largely Mahommedan; it is no exaggeration to say that the masses are practically Mahommedan, and the want of education from which they suffer is a source of weakness to the nation and a loss of available strength to Government. I do not plead for any exceptional treatment of the Mahommedans as against any other race or community in India. Given the same advantages and the same opportunities, the Mahommedan is as good an asset of the country and of the State as a member of any other community, but the Mahommedans have to recover lost ground, and in their efforts to do so I am sure they will have the sympathy of Your Lordship's Government and the Members of Your Lordship's Council, representing other interests and other communities. As the representative of a largely Mahommedan province I am deeply concerned in this. The only means to raise the Mahommedans—their only hope—is education; it is to be regretted that in the past, they have not been able to avail themselves of the opportunities offered to them by Government in this respect and they have allowed precious time to go by. The leaders of our community are now happily fully alive to the great importance of the question of Mahommedan education, and I trust that as in the case of the Europeans and Eurasians, for whom, having regard to their circumstances and position, a separate special allotment has

[*Nawab Khwaja Salimulla of Dacca; Mr. Logan.*]

been so justly and so generously made, some facilities by way of a special allotment should be given to the Mahommedan community so that they may get over the handicap from which they suffer so severely at present."

The Hon'ble MR. LOGAN said :—" My Lord, I desire to restrict my remarks to a point of practical importance, more especially to the Government of Bombay, but perhaps in a greater or less degree to all the Provincial Governments which are exposed to the contingency of famine. The liberality with which Bombay was treated in the Provincial settlement which came into force on April 1, 1905, has, I believe, been heartily acknowledged by the Governor in Council; but there is nevertheless one unsettled point which the occurrences of the last two years have brought into prominence, and which now requires solution. The Bombay Presidency, as everybody knows, has been suffering from scarcity, sometimes amounting to famine, in successive or occasionally alternate years since 1896; and although the tolerably favourable aspect of 1904, when the settlement was drawn up, excited the expectation that the lean years were passed, that expectation has unhappily not been fulfilled, and the Dekkhan at least has suffered from a partial, but severe, failure of the crops in both years since then. It is quite possible that such failures will continue to occur for some time, for we know from history that a series of famines commenced in the Dekkhan in 1396 and did not end till 1409, and these thirteen years so depopulated the country that little revenue could be collected for a generation afterwards. Such a cycle is evidently now recurring, and may prove all the longer, because the annual visitations are less intense. Thus scarcity may become a feature of the peninsula for nearly as many years in the future as it has been in the past.

" Now settlements with Provincial Governments are intended to provide for all regularly recurring charges. In the last settlement with Bombay, however, the Government of India made no proposals for the division and regulation of famine expenditure; and since all charges not settled on a Provincial Government are a liability on the Imperial revenues, it was at first supposed that as long as scarcity was chronic in the Presidency the charges would be met by the Government of India. Subsequently, however, it was made known that the principles laid down when famine was a rarity are to be followed under the very different circumstances now prevailing: in other words, that famine expenditure is first to fall on Provincial revenues, and only to be transferred to Imperial when the former are exhausted. This dictum at once called forth a moderate protest from the Bombay Government, but the point was then not pressed because of the hope that the cessation of lean years would deprive it of practical importance.

" But, my Lord, as I have already said, this hope has been disappointed and both years of the new settlement have been marked by scarcity. In the current season this is so serious that, as I observe, the Government of India have had to allot 42 lakhs in the Budget to the Presidency for famine charges from next month. The question of principle has thus become of pressing importance, and the Bombay Government has been compelled to draw attention to it emphatically. It holds that the stimulus to economical administration which Provincial settlements are intended to create will be destroyed by the prospect of all savings being swept away on each occurrence of distress, and asks the Government of India either to devolve famine charges on the Provincial Government as part of the settlement with a corresponding allotment of revenue, or else to undertake the whole of those charges itself. The latter it regards as the far preferable course; since famine, like wars, expeditions and political missions, is properly a matter to be financed by a Government which has powers, not possessed by Provincial Governments, of borrowing or otherwise raising funds for irregularly recurring emergencies. But so far the Financial Department of the Supreme Government has shown no disposition to accede to this request, and

[Mr. Logan.]

has merely accepted the liability for the coming year because the situation requires it.

"I may be allowed, my Lord, to dilate a little on the present situation. The Government of India started the new settlement with a special assignment of 50 lakhs to help in clearing off old famine and plague debts; yet in only the second budget framed under it in Bombay what do we find? Although the estimated receipts on which the settlement was framed have already increased by 15 lakhs, the expenditure estimated for the settlement has increased by 56½; and of this nearly 46 lakhs are expenditure on famine, or on village water-supply diminished by the failure of rain. So that the whole of the 50 lakhs meant to give the Bombay Government a clearance of old debt is absorbed by an accession of new debt; and in addition the Bombay Government have had to cut down desirable, and in some cases urgent, requirements in thirteen departments by over 15 lakhs, in order to make up the minimum balance of 20 lakhs required by the Civil Account Code. So here is the Bombay Government practically insolvent again in the second year of the settlement. The picture is sufficient to illustrate the disheartening circumstances under which the Presidency will continue to be administered if the failures continue; and it gives cogency to the argument that the principle of the exhausted balance should now be replaced by something less calculated to derange the orderly course of Provincial administration and worry the administrators. I do not see why this should pass the wit of the imperial statesmen. The conditions of the problem do not seem to me, *prima facie*, very complex or delicate. What mischiefs, counterbalancing the inconveniences of the present system, does the Government of India apprehend from frankly relieving Local Governments of all liability for famine? Political pleasantries apart, we all know that Local Governments cannot either produce or prevent failures of the rain or rivers, and when famine does come they are bound to give relief in accordance with the minute and liberal regulations drawn up under the orders of the Supreme Government. They can therefore neither create nor materially control the liability, and the Government of India would risk little or nothing from a supposed recklessness on their part as to whether famine occurred or not. Nor can it be argued that if relieved of famine charges the Local Governments would be reckless in expending their money in other ways; for the settlements all proceed on the assumption that there will be no famines, and that the Local Governments will nevertheless evince economy and efficiency in the ratio of their independence, and this latter assumption I believe has never been belied. Thirdly, the Government of India can have no possible fear of financial difficulty on its own part, since it is positively embarrassed by its surpluses year after year, and will continue to be as long as the rupee stands where it is. I may add that undertaking all famine charges will be a stimulus to the Government of India to push on the great irrigation schemes which are the best means of mitigating future famines in the Dekkhan. I would therefore suggest that in future imperial budgets full provision should be made under the head Famine Relief and Insurance for all anticipated famine charges, irrespective of the balances of Local Governments. It is better to apply the surpluses in this way, if necessary, than in remitting taxation while Local Governments are in the utmost straits for money. But if there are valid objections to this course which I have overlooked, then I would suggest that in the Bombay Presidency at least, with its chronic liability to scarcity, an insurance account should be opened in the provincial budget, and that the late settlement should be revised so as to create an additional assignment for this purpose. This course may obviate some possible objections as to provincial responsibility which might apply to the former. But in either case the money must come from the Government of India, for to a Local Government famine means not only expenditure on relief but the loss of revenue as well, and therefore, except in the first of a series of famines, there never can be any substantial balance to meet the charges. Nor indeed ought there to be

[*Mr. Logan ; Mr. Hall.*]

any balance beyond the prescribed reserve, while the needs of the Presidency in a hundred directions continue to outrun its resources, or any funds which even by the most liberal settlement may be conferred by the Government of India. Knowing as I do how much money is urgently required for the improvement of almost every branch of the administration, and cannot be got, it seems to me very anomalous that the Government of India should call on the Local Government to deplete its already insufficient funds for abnormal emergencies, while their own money bags are overflowing. It is true that the Government of India have made a liberal allotment for the famine in the present budget; but I have already shown the straits into which the Government of Bombay was thrown before this was done. What is wanted is some settlement which will obviate such anxiety and disturbance in the future; and any device that can be adopted to this end will no doubt be welcomed by Local Governments."

The Hon'ble MR. HALL said:—"My Lord, I wish to congratulate the Hon'ble Finance Member and the Government upon the prosperous state of the finances—over one-third of a million persons are in receipt of relief and yet there is a large surplus in the current year, the agricultural taxpayers' burden is in some provinces to be substantially reduced additional grants are promised for administrative improvements, while Districts Funds are to be aided by the abolition of certain contributions which they have hitherto had to make.

"I desire to express gratitude for the amelioration of the Burma Police and in particular for the special pension scheme for officers who joined the force some twenty years ago. I am convinced that the additional expenditure on the Police generally, large as it is to be, is fully required and that the results will be very gratifying.

"The grant for agricultural and veterinary development is also most welcome. Twenty-five years ago there were to be found people who doubted whether the Veterinary Department would ever become a success. But confidence in the Veterinary Assistants was gradually established. Their services are now much in request, and one would have to make a long journey to find any one—official or cultivator—willing to express doubt as to the utility of this Department in Burma.

"So it will be in the case of agricultural development. There may be some difficulty, doubt and delay at the outset. I am, however, confident that but a few years will elapse before it is recognised by all classes that a great boon was conferred on the country by the Government when it initiated the measures which are now being undertaken for the improvement of agriculture.

"One cannot but recognise that the reasons given in the Financial Statement for the abolition of certain cesses in some Provinces are sound. In Burma there is no patwari cess, and accordingly the agricultural taxpayer in that Province does not share in the relief which is to be so generously granted elsewhere.

"I would also mention here that Upper Burma did not get any share of the grant made a year ago in aid of District Funds, which was described as being approximately 25 per cent. of their total revenue from cesses on the land. There are District Funds in Upper Burma, but there is no cess, and so the poorer and more backward portion of the province did not participate in the grant, though its needs are undoubtedly very pressing.

"I desire to express gratitude for the discontinuance of the practice of taking a contribution from Local Funds for the district post—Burma so gains Rs. 1,21,000 a year. But at the same time I venture to hope that if there is any surplus available for distribution to District Funds a year hence, it may be found possible to make a somewhat larger assignment to my province and especially to Upper Burma.

"There is one other matter on which I would say a few words. The coming expiry of the current Provincial Settlement makes us who are particularly interested in the development of Burma somewhat anxious. The share of

[*Mr. Hall; Mr. Ismay.*]

the revenue under some of the principal heads which we have been allowed to enjoy has not been unduly low when compared with the shares as fixed in some other provinces. I would, however, represent that liberal expenditure in Burma, if well directed—and there is every ground for believing that it will be well directed—will pay, will in fact be immediately productive. •

“In conclusion, then, I would express a confident hope that in the new settlement Burma will receive generous treatment and due consideration for its admitted needs.”

The Hon'ble MR. ISMAY said :—“My Lord, the very brief remarks which I have to make on the Budget concern only its relation to the Central Provinces and Berar. I desire in the first place to acknowledge the very welcome relief which will be afforded to agricultural taxpayers by the abolition of the Patwari cess. All land-revenue cesses are more or less unpopular, but whereas the Road, School and District Dāk cesses have been realized in the Central Provinces since the earliest days of British rule, the Famine Insurance cess and the Patwari cess have been the creation of comparatively recent years. The object of the former cess was never properly appreciated by those from whom it was realized, and its abolition during the current year was hailed with great satisfaction. The Patwari cess has always been regarded as a greater burden even than the Famine Insurance cess. At a time when the Patwari was the servant of the proprietary body the remuneration for his services as village accountant was never grudged. But under our present revenue system the Patwari has become as much a member of the district staff as any other official of the Land Record Department, and so far from being regarded as the natural friend of the Malguzar he too often labours under the suspicion of being inimical to his interests. Then again the incidence of the cess was such as to impose a not inconsiderable burden upon the agricultural classes. The local law provides that a Malguzar may be called upon to contribute any sum not exceeding six per cent. on the assessed revenue towards the remuneration of Patwaris and the defraying of charges incurred on account of the proper supervision, maintenance and correction of the Patwaris' records. My Lord, the removal of this heavy burden is a boon for which the agricultural classes of my Provinces will be deeply grateful.

“The only other matter on which I desire to offer any remarks is the new Provincial Contract for the Central Provinces and Berar. In lieu of the temporary settlements which have hitherto been made from time to time with the Central Provinces the new Contract with the amalgamated Provinces which will come into force from the 1st April is of a quasi-permanent nature. The present irregular distribution of revenue will then come to an end and the income derived from Land-revenue, Stamps, Excise, Forests and Assessed Taxes will be divided half and half between Imperial and Provincial.

“My Lord, I have examined with some considerable care the terms of the new Contract, and I find that the provision now made for developing the resources of the Provinces is very much more liberal than has been allowed on any previous occasion. The last temporary settlement with the Central Provinces was made in 1897, but under that settlement it was found impossible to make both ends meet, and the Provincial accounts have year by year disclosed a deficit varying from 15 to 30 lakhs which has had eventually to be made good by the Imperial Government. Apart from the ordinary terms of the present Contract, which in themselves appear to be sufficiently liberal, a special guarantee has been given insuring the Provinces against any extraordinary loss of land-revenue arising from famine or unfavourable seasons, and an initial gift of no less than 30 lakhs has been made to enable the amalgamated Provinces to make a fair start.

“My Lord, it is probably only those who have served in the Central Provinces who are able to appreciate to the full how backward this part of the country is as compared with other parts of India. The Provinces are being rapidly opened up by railways and the exploitation of their mineral wealth is proceeding at an ever-increasing pace, but the resources of the Local Govern-

[*Mr. Ismay ; Mr. Apcar.*]

ment have hitherto not been such as enable it to keep abreast with the requirements imposed by the general development of the country. Many important feeder roads still remain to be constructed and such progress as has been made in this direction has only been rendered possible by sacrificing the Grand Trunk roads which before the advent of the railway were the pride of the Provinces. The Great Eastern road, upon which lakhs of rupees were spent in the seventies, is no longer properly maintained, and the same is the case with the road from the north which traverses the Nerbudda Valley. The road from Nagpur towards Bombay practically terminates in a swamp a few miles out of Nagpur, and even the road connecting Jabalpur with Nagpur, which was for many years one of the best in India, has, owing to the heavy manganese traffic, fallen into great disrepair at the Nagpur end.

"And what is true of roads is equally true of buildings. It is unnecessary to enter into detail, but it may not be out of place to say that, as head of the Judicial Department, I have recently found it necessary to urge upon the Local Government that the Court-houses in every district are becoming overcrowded and that nearly 20 lakhs will have to be expended upon Court buildings alone if proper accommodation is to be made available. At Nagpur, the head-quarters of the Administration, Judges are at present holding their Courts in tents and in temporary sheds.

"Then again there are other calls upon the Provincial revenues which are no less urgent than those connected with roads and buildings. I may refer briefly to one measure of reform in which I am personally interested. Until very recently no attempt had ever been made to separate the judicial and executive branches of the Administration, and the trial of civil suits was practically in the hands of Extra Assistant Commissioners and Tahsildars, who possessed no legal training and who were already burdened with executive and magisterial work. All this is now changed and a judicial service has been constituted consisting, as in other parts of India, of District Judges, Subordinate Judges and Munsifs. But the scale of pay at present sanctioned for members of this service is admitted on all sides to be unduly low, and as a natural consequence suitable candidates for judicial employment in the Central Provinces and Berar are no longer forthcoming. To put the judicial service upon a proper footing will entail considerable expenditure, but it is a reform which cannot any longer be delayed.

"My Lord, it is in no spirit of complaint that I have made these few remarks. I recognize fully that my Provinces cannot expect to be placed, at the expense of the general taxpayer, in as good a position as other Provinces in which local taxation is heavier and the land-revenue more productive. I frankly appreciate the liberal treatment we have received in connection with the new Provincial Contract, but I also desire to emphasise the fact that but for such liberality much good work which will now be rendered possible would have had to be left undone."

The Hon'ble MR. APCAR said :—"My Lord, I am glad to be able to congratulate the Hon'ble Member on the satisfactory Budget Statement he has submitted to the Council.

"In the Memorandum by the Railway Board for 1905-06 attached to the Budget Statement it is stated that the estimated net gain to the State on the working of the State and Guaranteed Railways is nearly 304 lakhs of rupees, almost the largest yet obtained in any year after meeting, as I understand, in addition to the expenses of working, all charges for interest on Capital outlay by the State and on Capital raised by Companies and also the annuity payments for railways purchased by the State. And it further appears that this is the sixth year in succession in which there had been a surplus.

"To Lord Curzon the credit must obtain of having opened the largest mileage. No less than 5,525 miles have been added during the first six years of his reign, and the total mileage open at the end of 1904 was 27,565 miles with a capital outlay of Rs. 35,285 lakhs. The gross earnings per mile have

[*Mr. Apcar.*]

risen from Rs. 63 in 1854 to Rs. 277 in 1904, and the percentage of net earnings on Capital from '22 to 5'91.

"In 1874 the goods carried were 5,503,000 tons: in 1904 they were 52,051,000 tons, while the number of passengers rose from 24,977,000 to 227,097,000. I gather these figures from the Administration Report of the Railway Board for 1904-05.

"Now this state of things is very satisfactory and should make the Government have no hesitation in further extending and developing railways in India, for it is evident that if wisely projected they will pay handsomely.

"The coal traffic is, I observe, a most important one, for in 1904 no less than 8,233,451 tons are said to have been mined, of which 7,080,425 tons fell to Bengal. In 1885 the coal was only 1,294,221 tons out of a goods total of 18,925,000 tons. In other words, the percentage of coal carried has risen from 6'8 in 1885 to 15'8 in 1904.

"It is apparent from the above that the coal traffic is an important and expanding one, and that every effort should be made to facilitate it. I read in the report that 'as usual the needs of open lines, especially in regard to rolling stock, have received first consideration.' This is a statement which no doubt 'as usual' is inserted in every report, but it is one which it is difficult to reconcile with existing facts. I would very respectfully but earnestly ask that this statement regarding rolling stock be made a matter of practice rather than precept. With the splendid results shown, parsimony in providing the urgent needs of a railway in respect to rolling stock is worse than a mistake; it is wholly inexcusable and it indeed would be much better, if any question of funds arises, that a halt be made in the matter of extension and that the clamant needs of the existing railways in the matter of rolling stock be first attended to. I therefore notice with great pleasure a provision in the Budget of 382 lakhs for rolling stock. I hope that this sum will be spent, and more if necessary. It is satisfactory to see it at last acknowledged by the Railway Board that Indian railways as a whole are at present below what should be the standard of equipment of rolling stock for present requirements. The deficiency being admitted, it only remains to make it good.

"Another matter to which I would venture to draw attention to is that of the incidence of Income-tax. I am not unmindful of the fact that its continuance is suspiciously like a breach of faith. It is a convenient mode of raising revenue, and it is perhaps desirable that the machinery for levying the tax should be with us and in working order; but I think that the limit might be raised, and that in the case of small incomes there might be a rebate as is the case in Great Britain. There all incomes of £160 are exempt and for incomes between that amount and £700 an abatement which ranges from £160 to £70 is allowed. Thus an income of £400 pays tax on £240 and one of £700 on £630. This, my Lord, seems a reasonable thing, and I should like to see the minimum raised to Rs. 1,500 and an abatement of Rs. 1,500 allowed up to incomes of Rs. 3,600. The tax itself, as ways and means admit, should be reduced also.

"There is another matter which will before long come before my Hon'ble friend, the Finance Minister, though it will not probably be necessary to budget for it this year, and that is the Calcutta Improvement Scheme. This is not the time to discuss the merits of that scheme, but I would only point out that in the opinion of the mercantile community the contribution of Rs. 50 lakhs proposed by the Government is quite inadequate; it should be at least Rs. 120 lakhs. The improvement of Calcutta is not a municipal but an imperial matter, and I would ask the Government to think 'imperially' on this subject.

"When Mr. Risley introduced the present Municipal Act into Council just six years ago, he said that 'the state of the City calls for more than the attention of the Municipal Commission; it is a matter which concerns not only the Government of Bengal but the Supreme Government and is sure to attract very special notice in England as well as in other countries.' And again 'the

[*Mr. Apcar ; Mr. Gokhale.*]

interests threatened are those of the foreign trade not of Calcutta only, but of the whole of Northern India and Assam.'

"With these remarks I entirely concur, and inasmuch as the improvement of Calcutta is designed in the first instance to eradicate the plague, and in the second place to generally improve the health of Calcutta, upon which in no small degree does the expansion of commerce depend, it is only fair that a large proportion of the cost should fall on the imperial revenues, and that that proportion should be fixed with no niggard hand."

The Hon'ble MR. GOKHALE said:—"My Lord, for the second time, the Hon'ble Mr. Baker has laid before the Council a budget, which, judged by the limits within which he was free to move, is an interesting and satisfactory statement, and which for lucidity of exposition will take high rank among the Financial Statements of the Government of India. I am particularly pleased to read what the Hon'ble Member writes about the effect of the recent reductions of salt duty on the consumption of that article. Time was, not so long ago, when it was the fashion, both in this Council and outside, to regard the burden imposed on the masses by a high salt duty as after all only a light one, and to deny that its rate could seriously affect consumption. If ever the Government of India finds itself driven to enhance the duty again, I hope the Finance Member of the future will remember the eloquent testimony of my Hon'ble friend on the results of recent reductions, and no one will again venture to contest the proposition that in dealing with a prime necessary of life, such as salt, the only right policy is to raise an expanding revenue on an expanding consumption under a diminishing scale of taxation. Even at present, the level of the duty—about 1,600 per cent. of the cost price—is much too high, and I earnestly trust that the Hon'ble Member will have, as I have no doubt he will be glad to have, another opportunity during his tenure of office as Finance Minister to effect a further reduction, thereby making the duty throughout India at least uniform with what it is in Burma, namely, Rs. 1 a maund. The consumption in India, which was under 10 lbs. per head before these reductions, has now risen to about 11 lbs., but it is still far below the level of Burma, where it is about 17 lbs. per head. My Lord, the abolition of certain cesses on land and the discontinuance of certain appropriations from the funds of District and Local Boards for Provincial purposes will be greatly appreciated in the Provinces concerned, and I regard with sincere satisfaction the policy which underlies these measures. My only regret is that Bombay does not participate in the benefit of the relief accorded, and, if it is not yet too late, I would like to suggest one or two directions in which the Hon'ble Member could usefully come to our assistance on the same principle on which he has given the present relief to the other Provinces. One is as regards the loss which our Local Boards have to bear as a result of the suspensions and remissions of land revenue granted by Government. The principal part of the income of these Boards is derived from the one-anna cess on land; so when the Government, owing to the prevalence of famine, suspends or remits a part of the land-revenue, the one-anna cess that is paid with such revenue is also automatically suspended or remitted. The Government anticipates that the amount suspended or remitted this year owing to the present famine will be about 50 lakhs of rupees. This means that the Local Boards will lose a little above 3 lakhs of their revenue during the year. The proceeds of the one-anna cess for the whole Presidency are under 30 lakhs, and to lose 3 lakhs out of 30 lakhs is a serious matter. Moreover, the loss is not spread over the whole Presidency but has to be borne only by the districts affected, which means that in those districts the Boards will not have enough money even for their barest wants. I suggest, therefore, that the grant this year to the Boards from the Provincial revenues should be increased by 3 lakhs or whatever may be the amount of the one-anna cess suspended or remitted with the land-revenue, the Provincial Government receiving, if necessary, compensation from the Government of India for the purpose. I understand that this is the practice that is followed in the Punjab, where as

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a result the Boards receive their full amount intact, whatever suspensions or remissions the Provincial Government may grant to the agriculturists; and I only ask that our Boards may be treated with the same consideration. Another direction in which the Hon'ble Member could come to the rescue of these Boards is by relieving them of all responsibility for famine relief, which the Famine Code imposes upon them. Under the Code, the duty of relieving famine distress is first cast on the resources of the Local Boards and then on those of the Provincial and Supreme Governments. Now the means at the disposal of the Boards, even for the objects for which they have been brought into existence, namely, education, sanitation and medical relief, and roads, are woefully inadequate, and to throw on them in addition so heavy and unjustifiable a burden as famine relief is to take away from them practically all power of doing useful work. For the last ten years and more, we have had on our side an almost unbroken succession of unfavourable seasons, with no less than four famines, and the embarrassments of Local bodies have been further aggravated by plague and the cost of plague measures; as a result, over the greater part of the Presidency our Boards have been reduced to a position not far removed from bankruptcy. The relief I ask for, though small, will therefore not fail to prove useful in their present circumstances, and I earnestly trust that the Hon'ble Member, who has already given abundant evidence of his sympathy with Local bodies in their struggles, will realize the justice and necessity of granting it.

"Before I proceed to deal with the larger questions on which I wish to offer a few observations today, I would like to make two suggestions and address one inquiry to the Hon'ble Member. My first suggestion is that in the general statements of revenue and expenditure, given in Appendix I, the figures under Railways and Irrigation (productive works) should be given net. In the budget for the coming year the receipts under these heads have been estimated at about 29½ millions and the charges at about 27 millions. The net receipts to the State, therefore, under the two heads amount to only about 2½ millions, and I submit that it would give us a much more correct idea of the true revenue and expenditure of the country if only this sum of 2½ millions were entered on the revenue side in the general statements and a separate statement appended showing the gross receipts and charges under the two heads, than that two such huge figures as 29½ millions and 27 millions should be entered on the two sides of the account. The outlay on Railways and Irrigation is on a commercial basis out of borrowed capital, and the receipts are bound to go up, as the capital outlay increases. As a matter of fact, they have been going up of late years owing to increased capital expenditure and other causes by leaps and bounds, having nearly doubled themselves in ten years, standing today at 29½ millions against 15½ millions in 1896-97; but they make no real addition to the revenue of the country, except by that portion of them which represents the net profit earned by the State. In Japan, where they do things more scientifically than with us, the course that is adopted as regards State Railways is the one I have suggested, and only the profits on the undertakings appear on the revenue side in the Financial Statement. Our present practice has been responsible for many curious misapprehensions of the financial position, and it has misled even those who should know better. Thus two years ago, the Military Member of the Government of India—Sir Edmond Elles—advanced in this Council the obviously untenable proposition that though the military expenditure of the country had in recent years been growing, its growth, proportionately speaking, was less than that of our revenue; and he proceeded gravely to establish his contention by treating these rapidly increasing gross receipts under Railways and Irrigation as part of the revenue at the disposal of the State. And when I drew his attention to this error, he simply would not budge an inch, and contented himself merely with the remark that he did not know why he should not take the figures as he found them! My second suggestion is that the income and expenditure of Local Boards, included under the head of Provincial Rates, should be separated from the accounts of the Government of India. It is a small matter—only about 2 millions a year—but it gives rise to much confusion. Take, for instance,

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education. A reference to Statement B will give one the idea that the Government expenditure on education is nearly 2 millions sterling, when in reality it is only about a million; the rest is Local Boards' expenditure merely included in Government accounts. It is true that the heading 'Provincial and Local' is there to prevent a misconception: but that in itself is again misleading, as the term Local ordinarily includes Municipal also, whereas in the accounts of the Government of India, the income and expenditure of only Local Boards and not of Municipalities are included. I trust the Hon'ble Member will be able to effect this simple but necessary reform. If the suggestions I have made are accepted, our real revenue will be seen to be about 58 millions instead of 87 millions as the Statements in Appendix I lead one to imagine. The inquiry I want to make is about the Gold Reserve Fund and the profits from Coinage. It was stated by Lord Curzon two years ago that the Gold Reserve Fund was to accumulate till it rose to 10 millions sterling, which amount, he declared, 'will be sufficient for our purpose and will give us a permanent guarantee for stability of exchange.' This limit has been already passed and the Fund to-day stands at over 12 millions sterling, and I think the Hon'ble Member owes it to the country to say what he proposes to do with the profits from Coinage in future years. The fund is to accumulate at compound interest and may therefore be left where it is. And the profits—about 2 millions a year on an average of six years—may henceforth be used to provide money for loans to agriculturists in a comprehensive scheme for the relief of agricultural indebtedness. They will thus yield a better interest than when they are invested in consols; such a course will also enable the Government to make some reparation to those classes which have been hit the hardest by its currency legislation. Even if they were devoted to productive public works, reducing by a corresponding amount the annual borrowings of the State, that will be better than the present plan of investing in consols. The justification of a policy, which invests its own money in $2\frac{1}{2}$ per cent. and borrows at the same time for its purposes at $3\frac{1}{2}$, is not quite obvious.

"My Lord, our financial administration is bound up with questions of policy of the highest importance affecting the Government of the country, and unless that policy undergoes a radical change, our revenues will not be administered in a manner which will best promote the true well-being of the people. Of such questions, the most dominant, as it is the most difficult and delicate, is the question of the Army. My Lord, I fear that a protest in this country against the military policy of the Government and the ceaseless and alarming growth of our military burdens is almost like a cry in the wilderness, but the protest has to be made on every occasion that presents itself, as our most vital interests are involved in a proper solution of this question. Moreover, if ever there was a juncture when our voice in this respect should be heard by the authorities, that juncture is now. A profound change has taken place in the general position of Asiatic politics. The triumph of Japan in the late war has ensured peace in Mid and East Asia. The tide of European aggression in China has been rolled back for good. The power of Russia has been broken; her prestige in Asia is gone; she has on her hands troubles more than enough of her own to think of troubling others for years to come; and thus a cloud that was thought to hang for twenty years and more over our North-Western frontier has passed away, and, humanly speaking, is not likely to return, at any rate during the time of the present generation. The Anglo-Japanese alliance, concluded without considering how it would be regarded by the people of this country, is a further guarantee of peace in Asia, if such an alliance has any meaning. Surely, my Lord, this is the time, when the people of this country have a right to look for a substantial relief from the intolerable burden of an excessively heavy military expenditure, which they have had to bear for so many years past. And the first step in the direction of such relief is to suspend the execution of the Reorganization Scheme drawn up by His Excellency the Commander-in-Chief and estimated to cost more than 10 millions sterling. This scheme was projected in the early stages of the Russo-Japanese War, and was sanctioned in November 1904, when the issue of the struggle was not only uncertain but the odds seemed to be against Japan, and when

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apprehensions were entertained of hostile movements of Russian troops in the direction of Cabul. Now, however, that the situation has undergone a complete change and the North-Western frontier has for the time ceased to be our one danger-zone, there is no justification for proceeding with a costly scheme, devised to ensure a concentration of the entire armed strength of the country on that frontier at the shortest notice. Ten millions, again, does not represent the whole cost of the scheme. There is to be in addition a permanent burden on its account ; how much it will be we have not yet been told, but the Hon'ble Mr. Baker warned the Council last year that it would be considerable. This recurring charge is to appear on the scene after five years, during which period 2 millions a year are to be spent out of current revenues to carry out the scheme. My Lord, I respectfully protest against the execution of such a scheme at such a time, as involving an expenditure of money and effort wholly beyond our capacity and not called for or justified by the requirements of the situation. The Secretary of State for India stated in Parliament the other day in reply to a question that the matter was being further considered. I earnestly trust that his decision will be to hang up the scheme, at any rate till a more disquieting situation than the present arises on the North-Western frontier. Should the Government, however, unfortunately make up its mind to ignore recent events and proceed with the scheme, I would most strongly urge that the money required for the initial outlay should be found out of loan funds. My Lord, during the last eight years, the Government has spent its surpluses, amounting to about 35 crores of rupees, on railways, in addition to borrowed capital. Now such expenditure of current revenues as capital outlay on productive works appears in the accounts as an addition to our productive debt (which represents the capital expended on productive works), and this necessitates a reduction by a corresponding amount of the unproductive debt of the country. Last year, when I made this simple statement in connection with my plea that the cost of the Army Reorganization Scheme should be met out of borrowings, the Hon'ble Member, to my surprise, denied the correctness of my proposition. He no doubt spoke under a misapprehension and he evidently thought that my contention was that the total debt of the country, productive and unproductive taken together, had been reduced, when my whole argument was that as our unproductive debt, which after all is the only real debt, had been reduced by the amount of current revenues spent as capital, the whole cost of the new Army Scheme could be met out of loan funds and yet our unproductive debt would stand lower than where it was eight years ago. My Lord, it is most unjust to the tax-payers of this country that while the surpluses that accumulate should be spent as capital, heavy non-recurring charges in connection with the Army should be thrown on current revenues, when every pie that can be spared from these revenues is urgently needed for the education of our children and for a hundred other objects of internal progress. The Hon'ble Member may say that till the surpluses are actually realized, no one can tell what they will be. But surely when they have been realized and when they have been so employed as to reduce the unproductive debt of the country, I think there is no excuse for avoiding borrowing, within the limits of such reduction, for meeting heavy non-recurring charges.

" My Lord, I beg leave next to urge that the strength of the Army in India should now be reduced by at least those additions that were made in 1885 under the influence of the Penjdeh scare. The growth of the military expenditure in recent years has been simply appalling, as may be seen from the following figures :—

1884-1885	17·9 crores.	(Before the increases of 1885 were made.)
1888-1889	22·2 crores.	(After the increases had their full effect.)
1902-1903	28·2 crores.	
1906-1907 (Budget)	32·8 crores.	

Our military expenditure is now nearly double of what it was twenty years ago. Since 1888, it has risen by over 10½ crores a year and this notwithstanding

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ing the fact that the strength of the Army has not been increased by a single troop or company during the time. The increases made in 1885 were made in spite of the protest of two Members of the Government of India and in disregard of the view recorded by the Army Commission of 1879 that the then strength of the Army was sufficient both for internal peace and to repel foreign invasion, not only if Russia acted singly but even if Afghanistan joined her as an ally. And since that time the fear of Russian aggression has been the one dominating factor in all our military arrangements. With Russia now crippled and the Anglo-Japanese alliance concluded, the last trace of any such fear should disappear from the mind of the Government, and the country should be relieved of the burden imposed upon it specially as a result of that fear. The increasing difficulty that has of late been experienced in England in the matter of recruitment and in providing the annual drafts for India, with the resulting payment of bounties to short-service men here as an inducement to extend their service, also points to a reduction of the garrison in this country as a necessary measure of justice to the Indian tax-payer. Should the view, however, be upheld that such a reduction is not possible on the ground, urged in this Council by Sir Edmond Elles, that the Indian Army 'is no longer a local militia for purely local defence and maintenance of order' and that it 'must in the future be a main factor in the maintenance of the balance of power in Asia,' I submit that the Imperial Government ought in justice to bear a part of the cost of an army maintained for such a purpose. My Lord, our military expenditure has now grown to such proportions that it over-shadows the whole field of Indian finance, and under its chilling shade, no healthy development is possible for the people. And unless the axe is resolutely applied to its overgrown portions, our life will continue to exhibit the same signs of sickness that at present unhappily mark its growth.

"But the appalling increase in the weight of military burdens is not our only grievance in connection with the Army. The whole system of Indian defence, founded as it is on a policy of distrust, rests on an unnatural basis, and one notes with regret that the position is growing worse every day. Whole populations are now excluded from the Army. The abolition of the Madras Command under the new scheme involves the disestablishment of that Presidency as a recruiting ground and amounts to a denial to the people of Southern India of all opportunity of service even in the ranks. Recruitment is being confined more and more to frontier or trans-frontier men, to the people of non-Indian or extra-Indian areas, with the result that the Army is approximating more and more completely to a mere mercenary force. The Arms Act is being worked with increasing rigour and licenses to carry arms are now issued more sparingly than at any time before. I believe there are not more than thirty to forty thousand such licenses at the present moment in all India. A large increase has been made in the number of British officers attached to the Native Army, so as to give all Punjab regiments an establishment of 13 British officers and all other regiments of 12. This increase completely ousts the Native officers from even such positions of trust as were open to them before and not even the command of troops and companies is now really left to them. We have been asking for years that the commissioned ranks in the Indian Army may be thrown open to aspiring and qualified Indians, scions of aristocratic families and others, and the reply of the Government is a stiffer closing of such careers to us. It is true that four members of the Cadet Corps were granted commissions last year and the language used by the late Viceroy more than once in speaking of the Corps had raised the expectation that these young men would be allowed the same opportunities of attaining to positions of command in the Indian Army as British officers. The reply given by the Commander-in-Chief to my question on this subject last week disposes of this expectation, and we see that Lord Curzon's promise in the matter, though kept to the ear, has been broken to the hope. In pre-Mutiny days we had two systems, the regular and the irregular. Under the regular there were 25 British officers to a Native regiment, whereas under the irregular there were only just 3 picked ones. The Army Commission of 1859 pronounced in favour

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of the 'irregular' arrangement; and after considerable discussion a compromise was eventually arrived at and it was decided in 1863 that 7 British officers should be attached to each Native regiment—these to command squadrons and wings, while the Native officers were to have charge of troops and companies. The question was re-opened in Lord Mayo's time and an increase of British officers was demanded; and the discussion again went on till 1875-6, when it was finally decided by Lord Salisbury (then Secretary of State for India) that the 7 officers system should be upheld, his Lordship laying stress on the point that the position of the Native officers should be improved and raised. And now the question having been brought up afresh, we find the decision going against us and the number of British officers in Native regiments raised from 7 to 12 and 13! My Lord, such growing distrust of the people, after so many years of British rule, is to be deplored from every point of view, and not until a policy of greater trust is inaugurated will the military problem, or indeed any other problem in India, be satisfactorily dealt with. I recognize the difficulty of the situation and the undoubted need that exists for caution in the matter. But after all it is only confidence that will beget confidence, and a courageous reliance on the people's loyalty will alone stimulate that loyalty to active exertion. As long as things continue as at present, the problem of Indian defence, do what you will, must remain essentially and practically unsolved. The experts, who accompanied the Russian and Japanese armies in the late War, have declared that the Indian Army will be found too small, if a great emergency really arises. This is bound to be so, as long as reliance is placed on standing battalions exclusively, with such reinforcements as England might be able to send in the hour of need. Everywhere else in the civilized world, the standing army is supported by a splendid system of reserves, and the nation is behind them all. Here alone there are no reserves worth speaking of to augment the fighting strength of the country in times of war, and the matter is treated as if it were no concern of the people. The late Viceroy quoted last year the achievements of Japan to justify the enormous growth in our military expenditure. Does any one, however, believe that Japan's glorious achievements would have been possible, if the Government of that country had merely poured money like water on its standing battalions, unaugmented by reserves, and the magnificent spirit of every man, woman and child in that country had not been behind the Army to support it? Japan's ordinary budget for the Army is only about 37·3 millions yen, or a little under six crores of rupees. And for so small an expenditure, she has a standing army of 167 thousand men, with reserves, which can raise it to over six hundred thousand men in times of war. We spend nearly six times as much money a year and yet in return for it we have only an inexpansive force of about 230 thousand men, with about 25 thousand Native reservists and about 30 thousand European volunteers! Both on financial and on political grounds, therefore, our present unnational system of military defence is open to the gravest objection. My Lord, I respectfully submit that it is a cruel wrong to a whole people—one-fifth of the entire population of the world—to exclude them from all honourable participation in defence of their hearths and homes, to keep them permanently disarmed and to subject them to a process of demartialization, such as has never before been witnessed in the history of the world. Lord George Hamilton once told an English audience that there were millions of men in India, who were as brave as any people on the face of the earth. Leaving such material in the country itself neglected, the Government has thought fit to enter into an alliance with a foreign Power—and that an Asiatic Power, which once borrowed its religion from us and looked up to us—for the defence of India! Japan came under the influence of western ideas only forty years ago, and yet already, under the fostering care of its Government, that nation has taken its place by the side of the proudest nations of the West. We have been under England's rule longer than forty years, and yet we continue to be mere hewers of wood and drawers of water in our own country and of course we have no position anywhere else. My Lord, things cannot continue—they must not continue—much longer on so unsatisfactory a basis. Time and events will necessitate a change and true statesmanship lies in an intelligent

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anticipation of that change. The present Prime Minister, speaking in November last on the subject of the Anglo-Japanese alliance, observed as follows:—‘I am enough of an Imperialist, if this be Imperialism—to hold that the maintenance of the integrity of India is our affair and no one else’s; and if further measures of defence are necessary—of which I have no assurance—the appeal should be to the loyalty of the people of India and to our own capacity for organizing their defence. Is there not danger that the pride of the Indian people may be wounded and the prestige of the Empire abased in the eyes of the world by the provision, by which Japan makes herself conjointly responsible for the defence of the Indian frontier?’ My Lord, this is true and far-sighted statesmanship and my countrymen ask for nothing more than that the military problem in India be dealt with in the spirit of this declaration of the Prime Minister. The measures needed are Short Service for the Indian Army, the creation of Indian reserves, and the gradual extension, first to select classes of the community, and then, as confidence grows, to all, of the privilege of citizen-soldiership, so that they may be able, if the need ever arises, to bear arms in the defence of their own land. The Government may move as cautiously as may be necessary, but it is in this direction that it must move; and then the whole situation will be altered. Our military defence will then be gradually placed on a national basis, the Army will have the support of the nation behind it, the present military burden will be largely reduced and funds set free to be devoted to other objects of national well-being, the people of the country, instead of being condemned, as at present, merely to pay the taxes and then helplessly look on, will be enabled to feel a real and living interest in their Army, and our position in the matter will cease to wound our self-respect. Now that all fear of any immediate aggression from outside has disappeared, a trial may be given to this policy, and I feel a profound conviction within me that England will have no cause to regret its results.

“My Lord, I am free to confess that there is but little chance of any considerable change in the military policy of the Government of India being made in the immediate future, and if I have spoken at some length on the subject today, it is both because the character of our national existence is bound up with the question and also because a special appeal for a reconsideration of the policy is justified at the present juncture. I have already said that military expenditure overshadows the whole field of Indian finance, and it is a matter for further regret that even such slender resources as remain at the disposal of the Government of India after meeting the cost of the Army are not employed to the best advantage. My Lord, during the last eight years, the surpluses of the Government of India have amounted to no less a sum than 35 crores of rupees, and the whole of this money has been spent by the Government on Railways in addition to the large amounts specially borrowed for the purpose! Now I do not wish to say anything against the construction of Railways as a commercial undertaking. Till recently they used to cost a net loss to the State every year, but that has now ceased; and there is no doubt that in future years they will bring a growing revenue to the Exchequer. To the construction of Railways on a commercial basis out of borrowed money I have, therefore, no objection, though even here the claims of irrigation to a larger share of the capital raised must be recognized better than they have been in the past. But I have the strongest possible objection to our surpluses being devoted to Railway construction, when they are urgently needed for so many other objects vitally affecting the interests of the masses. My Lord, I submit that there should be some sense of proportion in this matter. Already a sum of 250 millions sterling has been spent on Railways. For many years, it was the height of ambition to the Government of India to have in the country twenty thousand miles of Railways. The mileage open to traffic today is nearly twenty-nine thousand and another two thousand is under construction. Are Railways everything, is mass education nothing, is improved sanitation nothing, that the Finance Minister should lay hands on every rupee that he can get either by borrowing or out of surpluses and devote it to the construction of Railways only? Replying to my observations on this subject last year, the Hon’ble Member said:—‘When a surplus actually

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accrues either from a fortunate windfall or from sources the continuance of which is not assured, then I think no more advantageous use for it can be found than to devote it to the construction of remunerative public works.' Now, with all deference I beg to say that the Hon'ble Member's proposition is an unsound one. The course adopted by the Government would be right, if there was no need of non-recurring expenditure in other directions, more intimately connected with the well-being of the mass of the people. But with such urgent needs of the country as decent school-houses for primary schools, works of sanitary improvement beyond the capacities of local bodies, and so forth, unsatisfied, I submit it is not a justifiable course to employ the proceeds of taxation for purposes of remunerative investment. That the surpluses are uncertain does not affect my contention at all. Whenever they are available, they may be devoted to the objects I have mentioned. When they are not available, the position cannot be worse than it is at present.

"My Lord, the surpluses of the last few years,—rendered possible by the artificial enhancement of the value of the rupee, and realized first by maintaining taxation at a higher level than was necessary in view of the appreciated rupee, and secondly by a systematic under-estimating of revenue and over-estimating of expenditure,—have produced their inevitable effect on the expenditure of the country. With such a plethora of money in the Exchequer of the State, the level of expenditure was bound to be pushed up in all directions. Economy came to be a despised word and increased establishments and revised scales of pay and pension for the European officials became the order of the day. Some remissions of taxation were no doubt tardily granted, but the evil of an uncontrolled growth of expenditure in all directions in the name of increased efficiency was not checked and the legacy must now remain with us. The saddest part of the whole thing is that in spite of this superabundance of money in the Exchequer and the resultant growth of administrative expenditure, the most pressing needs of the country in regard to the moral and material advancement of the people have continued for the most part unattended to, and no advantage of the financial position has been taken to inaugurate comprehensive schemes of State action for improving the condition of the masses. Such State action is, in my humble opinion, the first duty now resting on the Government of India, and it will need all the money—recurring or non-recurring—that the Hon'ble Member can find for it. My Lord, the three evils to be combated in connection with the raiyat's position are his fearful poverty, his ignorance and his insanitary surroundings. And I hope your Lordship will bear with me while I indicate very briefly the lines on which action is really needed.

"(1) First come a group of three measures in connection with the land. They must really go together, if a substantial improvement is the object in view. Of these the first is a reduction of the State demand on land, especially in Bombay, Madras and the United Provinces, and a limitation of that demand all over India. There is ample evidence to show that over the greater part of India—especially in the older Provinces—the agricultural industry is in a state of deep depression. The exhaustion of the soil is fast proceeding, the cropping is becoming more and more inferior and the crop-yield per acre, already the lowest in the world, is declining still further. And such a deterioration in agricultural conditions is accompanied by an increase in the land-revenue demand of the State! The raiyat staggers under the burden, but, under the economic conditions prevailing, cannot help submitting to it. Mr. O'Connor, late Director-General of Statistics in India, speaking two years ago before the Society of Arts in London, and speaking with all his special knowledge of Indian agriculture, said:—'It is doubtful whether the efforts now being made to take the cultivator out of the hands of money-lenders will have much effect, or even if they have the fullest effect, that they will materially improve the cultivator's position until a larger share of the produce of the soil is left in his hands and he is protected against enhanced assessment by Government officials and against enhanced rent by private landlords.' And again:—"I have little doubt that the reduction of the land-revenue by 25 or 30 per cent. if the

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reduction is secured to the profit of the cultivator, would be of far more value in the improvement of the class who constitute the bulk of the population and who contribute most largely to the finances of the State.' The present system is having, and can have, but one effect. It tends to keep the one industry of the country in a hopelessly depressed condition, discouraging all expenditure of capital on land and rendering agricultural improvement an impossible hope. Whatever loss of revenue such a measure may cause directly to the State will be indirectly more than made up by a material improvement in the condition of the people.

(2) Next, a resolute attempt must be made to rescue the Indian agriculturist from the load of debt that at present overwhelms him. The problem is one of vast magnitude and probably the conditions of the different Provinces will need different treatment. The best plan will be to take in hand an experiment on a sufficiently large scale over a selected area in each Province. Thus take the Deccan Districts in the Bombay Presidency. It is the opinion of competent authorities that quite one-third of our agriculturists, if not more, have already lost their lands and they are remaining on them, merely as the serfs of their money-lenders. Now I would take the cases of such men first, and I would appoint a special tribunal to go round and look into each case, going behind the bond where necessary, and I would have a composition effected, either by amicable arrangement or in exercise of legal powers with which the tribunal may be armed. I would place, say, a million sterling at the disposal of the tribunal out of which advances should be made to clear the debt, to be recovered by adding about $4\frac{1}{2}$ per cent. on them to the land-revenue demand of the State— $3\frac{1}{2}$ per cent. for interest and about 1 per cent. for repayment of capital, the repayment being spread over fifty years or so. Having helped to free the man in this manner, the Government may then fairly claim to impose restrictions on his powers of alienation. Of course, this is only a bare outline and the scheme will have to be worked out in detail and examined carefully before adoption. If the experiment shows signs of success, it can be extended to other parts. If it ends in failure, well, some money will be lost, but the risk has to be taken. When Lord Lansdowne was Viceroy of India, he was so impressed with this evil of agricultural indebtedness that he is understood to have left a minute behind, expressing his opinion that the condition of the agricultural community was a most serious danger to British rule, and pointing out the necessity for immediate action. It is now fourteen years since he left India, and yet the only attempt made by the Government to deal with the problem is represented by some legislation, intended to restrict the raiyat's powers of borrowing! What may usefully be the last link of the chain has thus been made by the Government the sole link, with the result that the situation today is as grave as ever.

" (3) But these two measures will fail to do any permanent good to the raiyat, unless they are accompanied by the third measure of the group, namely, the providing of facilities which, while encouraging thrift, will enable the agriculturist to borrow on occasions for his reasonable wants at a low rate of interest. The Co-operative Credit Societies, for which an Act was passed two years ago, will not go any long way in this direction. The communal spirit is now very weak over the greater part of India, and the unlimited liability principle, which the Act insists upon, will keep substantial men from these Societies, and any number of paupers brought together will have neither the cash nor the credit to help one another. If unlimited liability is removed and a portion of the Savings Banks deposits are made available to these Societies, they may do some useful work. But what the country really needs is the establishment of Agricultural Banks, like those which have been so successfully introduced into Egypt by Lord Cromer.

" (4) Two other measures necessary for the promotion of agricultural prosperity in India, one of which has already received a good deal of attention at the hands of the Government, and the other has been recently taken up by it, are Irrigation and Scientific Agriculture. About Irrigation, I would only like to ask why it is necessary to have the selected projects carried out

[*Mr. Gokhale.*]

departmentally and why their execution cannot be entrusted, as in Egypt, to expert contractors, who would find and train the required labour, the Government exercising supervisional control only? I think in this matter, too, the Government of India may well take a leaf out of the book of that great administrator, Lord Cromer. If this were done, far more rapid progress would be made in the matter of Irrigation. As regards Scientific Agriculture, the country is watching with keen interest the steps which the Government is taking in the matter. I must, however, express one fear in this connection. If it is proposed to import European experts for the work as a standing arrangement, there will be small chance of any substantial good being done. The knowledge brought into the country by a succession of foreign experts who retire to their own lands as soon as they have earned their pension, is like a cloud that hangs for a time overhead without descending in fertilizing showers, and then rolls away. Unless promising and carefully selected Indians are sent abroad to be trained and to take the places of the imported experts in due course, such expert knowledge will never become a part and parcel of the possession of the community. Of course, to begin with, a reliance on foreign experts is necessary, but care must be taken to make the arrangement only temporary.

“(5) The promotion of industrial and technical education in the country is also an urgent necessity as a remedy for the extreme poverty of our people. This field has so far remained entirely neglected, with what results even the most superficial observer can see. The sum of $2\frac{1}{2}$ lakhs of rupees, provided in this year's Budget, is as nothing compared with what is needed. The country requires at least one large fully equipped Technological Institute at some central place, with Branch Institutes in the different Provinces.

“(6) I now come to the question of Primary Education. From Mr. Nathan's Report on Education, we find that in 1901-2, the total expenditure on the primary education of boys in India from the funds of the State was the staggeringly small sum of $13\frac{1}{2}$ lakhs! Since then the amount has been increased, but even so, it remains most miserably inadequate, compared with the requirements of the situation. My Lord, the question of mass education in this country has been neglected much too long, and the Government must lose no more time in waking up to its responsibilities in the matter. What is needed is a clear aim and a resolute pursuit of that aim in a feeling of faith and with enthusiasm for the cause. The first step is to make primary education free in all schools throughout the country, and that can be done at once. The total receipts from fees in Primary Schools throughout India in 1901-1902 were only $30\frac{1}{2}$ lakhs of rupees, so the sacrifice will not be very great. Moreover, the larger Municipal Corporations might be asked to bear a portion of this loss, so far as their own areas are concerned. The next step will be to make this education compulsory for boys in the Presidency-towns and perhaps in a few other leading towns. When the minds of the people have been accustomed to the idea of compulsion in the matter of education, the area of compulsion may be gradually extended, till at last in the course of twenty years or so from now, we have in our midst a system of compulsory and free primary education throughout the country, and that for both boys and girls. It will not do to be deterred by the difficulties of the task. Our whole future depends upon its accomplishment, and as long as the Government continues listless in the matter, it will justly be open to the reproach of failing in one of its most sacred duties to the people.

“(7) Lastly, there is the pressing need of works of sanitary improvement, such as good water-supply and drainage. As I pointed out last year, most of our towns are simply powerless to undertake such costly works without substantial assistance from the State. With the ravages of the plague in all directions and with the death-rate of the country steadily rising, the question of sanitary improvements assumes an importance which the Government cannot long ignore. The resources of our local bodies are barely sufficient for their current needs and any large capital outlay is wholly beyond them. The present dis-

[*Mr. Gokhale: Mr. Sim.*]

tribution of resources and responsibilities between local bodies and the central Government is most unfair to local bodies, and that is the explanation of the spectacle we have seen during the last few years, namely, that of the Exchequer of the Government overflowing with money, while these bodies have been in a state verging on bankruptcy. It is necessary that the Government should formulate and announce a definite policy in this matter.

"All these measures that I have briefly outlined will require a large expenditure of money—both recurring and non-recurring. But even as our resources stand at present, there is room for undertaking them all. Thus if the Army Re-organization scheme is held up or at least its initial cost is met out of borrowings, a sum from one or two millions a year will be available, and that may be devoted to a vigorous extension of primary education. The profits of coinage—averaging now about two millions a year—may supply funds for the relief of agricultural indebtedness. The famine grant, which stands at a million sterling, may, after deducting the expenditure on actual famine relief, now be devoted to industrial and technical education. The deposits in Savings Banks may be made available to Co-operative Credit Societies. And whatever surpluses accrue may be devoted to assisting local bodies in the construction of works of sanitary improvement. At any rate an important beginning can be made in all these directions, only the spell, under which the official mind has been for so many years, must be broken.

"My Lord, the improvement of the condition of the masses and the conciliation of the educated classes are the two really great problems before the British Government in India. The success or failure of England's work in this country will be determined by the measure of her achievement in these two fields. I have already spoken of the work that must be taken forthwith in hand for the moral and material advancement of the mass of our people. The task is one of great magnitude, but it is comparatively a simple one. The question of the conciliation of the educated classes is vastly more difficult and raises issues which will tax all the resources of British statesmanship. There is but one way in which this conciliation can be secured, and that is by associating these classes more and more with the government of their own country. This is the policy to which England stands committed by solemn pledges given in the past. This is also the policy which is rendered imperative by the growth of new ideas in the land. Moreover, my Lord, the whole East is today throbbing with a new impulse—vibrating with a new passion—and it is not to be expected that India alone should continue unaffected by changes that are in the very air around us. We could not remain outside this influence even if we would. We would not so remain if we could. I trust the Government will read aright the significance of the profound and far-reaching change which is taking place in the public opinion of the country. A volume of new feeling is gathering, which requires to be treated with care. New generations are rising up, whose notions of the character and ideals of British rule are derived only from their experience of the last few years, and whose minds are not restrained by the thought of the great work which England has on the whole accomplished in the past in this land. I fully believe that it is in the power of the Government to give a turn to this feeling, which will make it a source of strength and not of weakness to the Empire. One thing, however, is clear. Such a result will not be achieved by any methods of repression. What the country needs at this moment above everything else is a Government national in spirit, even though it may be foreign in personnel,—a Government that will enable us to feel that *our* interests are the first consideration with it and that *our* wishes and opinions are to it a matter of some account. My Lord, I have ventured to make these observations, because the present situation fills me with great anxiety. I can only raise my humble voice by way of warning, by way of appeal. The rest lies on the knees of the gods."

The Hon'ble MR. SIM said :—"My Lord, I wish to congratulate Your Excellency's Government on the continuance of the policy of 'popular' relief and reform, to which the Hon'ble Mr. Baker introduced us last year. The abolition of the *Village Cess* will be greatly appreciated in Madras; the relief

[*Mr. Sim.*]

will reach every Government raiyat in the Presidency, and though the individual sums may be small, the total of 28 lakhs will be considerable; as large, for instance, as the whole Forest-revenue of the Presidency was last year. Equally appreciated will be the words in which the Hon'ble Mr. Baker expresses the desire of Government to set bounds to the extension of *Local Taxation*; it is so easy to impose such taxation, and so easy to drag anything, even Famine Relief, within any definition of it that can be devised, that the Hon'ble Mr. Baker's words, backed, as he rightly claims them to be, by deeds, will be regarded as a very welcome pronouncement.

'Similarly, the increased provision for expenditure on *Forests*, and the kindly mention of the *Tungabadra Irrigation Project*, will be greatly appreciated. In regard to the former, I would again put in a special plea for all the liberality that is possible; parsimony in the case of *Forests* simply means postponement—postponement of all the benefits, which we expect and which we have led the public to expect, the forests will eventually yield in return for present inconvenience; liberality means hastening those benefits, and there can be few departments in which a policy of vigorous development and liberal expenditure will more rapidly repay itself. For the staff, too, I would bespeak the most favourable consideration of Government, when occasion offers, for the work of a Forest-officer is work of a high order, and the conditions under which it is carried out are exceptionally arduous.

"The prominent mention of the *Tungabadra Project* and the strong and sympathetic consideration promised to it will be read with much satisfaction in Madras; so also, I think, and over a much larger area, will be the Hon'ble Mr. Baker's assurance that in considering the relative priority of works, direct financial returns will not be allowed to obscure or outweigh the awful indirect claims of Famine. We admit, of course, that the relative claims of others must be fairly considered before the project can be sanctioned, but, sincerely as Madras sympathizes with those others in their needs, it believes that there can be few places in India where greater good can be done by the introduction of irrigation than in the tract commanded by the *Tungabadra Project*; 1,500 square miles irrigated, 1,500 more commanded, and five districts protected, in the heart of the famine zone, constitute, we believe, a very strong claim.

"In such a connection, the need for cheap and easy loans at once obtrudes itself, and the success which has attended the *Agricultural Bank* in Egypt shows how much liberality and simplicity of procedure may accomplish in this direction. That Bank has been but a short time in existence, yet at the end of last year it had 185,530 loans out amounting to £5,900,000, and after discharging all its preference dues, it paid dividends at the rate of 7½ per cent. on its ordinary shares, and £15-15-0 on its deferred. It is true that the concession to the Bank is an extremely liberal one and that the Bank does not attempt to combine its money-lending business with complicated lessons in self-help and co-operative credit; still it shows what can be done and has no doubt already attracted the attention of Government. Like myself, the Hon'ble Mr. Gokhale has just drawn attention to this in his speech.

"For its share in the additional grant for *Police*—shared with the Minor Provinces, I notice—as well as for the grants for *Railways*, the *Madras Harbour*, and the like, we shall be duly grateful; and if Madras does not figure in the distribution of this year's grant for *Technical Education*, we trust it is only because the Hon'ble Member in charge is considering how much he can give us next year.

"I should like to congratulate the Central Provinces, Bengal, and Eastern Bengal and Assam, on their *Provincial Settlements*, as set out in paragraphs 215—222 of the Statement. It does not perhaps seem to be a matter with which Madras has much concern, and certainly Madras does not grudge them the liberal terms which they have obtained from the Hon'ble Member. But Madras may perhaps be excused if, comparing its own terms with theirs, it wishes that *its* turn, too, for re-settlement had still to come, instead of being past and over.

[*Mr. Sim ; Mr. Hare ; Mr. Porter.*]

"It was in 1903-04 that the question of revising the Settlements came up, and the terms of revision were set out in paragraph 212 of the Financial Statement of March, 1904. - There it was laid down that the revision should be carried out on a general basis of Provincial receiving not more than a *quarter share of growing revenues*, and Bengal, Madras and the United Provinces were at once, speaking generally, re-settled on this basis; the other Provinces, however, had to wait till the next year, and in the meantime more liberal ideas had come in, and in paragraph 203 of the Financial Statement for March, 1905, the present Hon'ble Member, in settling Bombay and the Punjab, raised their share of growing revenues, generally, to a *half*, instead of a quarter, and in the present year (paragraphs 215-217-218) he has similarly settled the Central Provinces, and (because of the partition) re-settled Bengal and Eastern Bengal and Assam. The result is that Madras and the United Provinces remain on the old *quarter share* basis, while the other Provinces are on the new *half share* footing.

"The balance, of course, was made up to Madras by a fixed assignment, and I am not now suggesting that the total amount granted to Madras was insufficient *at the time*; but it is easy to see that, while the greater part—in the latest cases, 99 and 100 per cent.—of the provincial revenues of the other Provinces will be continually increasing, a much smaller part of ours in Madras will be similarly developing, and the rest will be absolutely stationary: we may therefore, without difficulty, foresee a time when Madras will stand at a great disadvantage compared with the other Provinces; and I trust that when that time comes the Hon'ble Member, who, of course, is well aware of these conditions, will show the same liberality to Madras that he has shown to the rest of India.

"May I, at the same time, join with the Hon'ble Mr. Logan and the Hon'ble Mr. Gokhale in asking the Hon'ble Member to make *Famine Relief* less Provincial, and more Imperial, for the present arrangement tells with great hardship on such Provinces as Madras and Bombay. Famine in Madras is of such regular and certain recurrence, that the cost of relief ought, I would suggest, in fairness to the Presidency, to be either specially allowed for in the Provincial Settlement, or shared with Imperial: to treat it as a rare and remote contingency, which may, for that reason, be fairly met from Provincial savings, is to ignore the facts, and to place famine Provinces, like Madras and Bombay, under a heavy liability, from which other and more fortunate Provinces are virtually exempt, and which falls upon the famine-stricken Province at a time when it can least be borne.

"In conclusion, my Lord, I have to thank your Excellency's Government for the consideration shown to Madras."

The Hon'ble MR. HARE said:—"My Lord, I only wish to congratulate the Government on the Budget which has been presented and to express our gratitude for the remission of the Zamindari Dāk Cess. The relief given by this remission is not to be measured merely by the comparatively small amount of tax remitted, but by the removal of the disproportional annoyance which its collection has hitherto caused."

The Hon'ble MR. PORTER:—"My Lord, I congratulate the Financial Member on finding himself at length in a position to abolish the Patwari Rate. When last year the Hon'ble Rai Sri Ram Bahadur recommended the abolition of the rate, he pointed out that the argument for the abolition was that the patwari was no longer a village servant pure and simple, but was really an officer of the Provincial Land Records Department; and that—as such—his pay should be met from Provincial revenues. There is much force in this argument. It is true that even now the patwari does perform certain purely village duties, and that theoretically there would be no injustice in requiring the village to contribute a fair share of the patwari's pay. But the present arrangement, by which the local rate contributes 25½ lakhs and Provincial revenues only some ten lakhs, is not fair. His local duties now form but a minor portion of the patwari's work. What a fair distribution of the cost of the patwari

[*Mr. Porter.*]

establishment between Local and Provincial would be it is difficult to say ; as not only the amount but the nature of the patwari's duties have to be considered. Probably one-third Local and two-thirds Provincial would be a fair proportion. In remitting the cess altogether the Government have not only removed a genuine grievance, but have treated the agricultural taxpayer with generosity.

"There are one or two other matters in connection with the finances of the United Provinces to which I should like to call attention.

"The enhanced annual grant for the reform of the Police will, I hope, go far towards removing the reproach that Police-officers in the lowest grade of Sub-Inspector cannot live on their present pay. But I regret that the Financial Member has not seen his way to make a lump grant for the proper housing of superior Police-officers. No improvements in pay or other prospects will suffice to attract and keep men of the required stamp, unless the quarters in which they have to spend their lives are decent and sanitary. In the large majority of our police-stations the quarters for officers do not fulfil these requirements. The Local Government is fully alive to the necessity of providing suitable accommodation. Out of the special $6\frac{1}{2}$ lakhs grant, over 3 lakhs have been allotted both this year and next for police buildings. This is in addition to the ordinary budget expenditure. But the leeway to be made up is enormous; and unless some special grants can be made, a generation must elapse before the police-force can be suitably housed.

"I regret also that no special grant has been made for non-recurring educational expenditure. A statement of the present educational requirements of the United Provinces will be found in the Local Government Resolution published in the *United Provinces Gazette* of the 13th January last. By far the most urgent of all the local requirements is the need of sufficient suitable boarding accommodation in connection with secondary schools. For primary schools boarding houses are of course not required; and in case of the various colleges much has been done by Government and by private liberality to provide suitable hostels and to secure thereby a healthy university life. But to a large extent the secondary schools have hitherto been left out in the cold, and it is at these schools that boys spend several of the most impressionable years of their life. The majority of these schools are under district boards; these boards have no powers of taxation, and they are not in a financial position to provide enough boarding houses. The result is that a very large number of the boys attending those schools are under no supervision or discipline outside school hours; and their moral and physical welfare has to look after itself. I do not see how we can expect to turn out good and loyal citizens under such a system of education as that.

"Another matter to which I should like to refer is the importance of aiding municipal boards to carry out urgent sanitary reforms with a view to preventing the spread of plague. In Benares work on the sewerage and drainage scheme is stopped owing to want of funds. Allahabad cannot yet begin its drainage scheme, estimated (I believe) to cost 5 lakhs, though it hopes to be able to borrow 2 lakhs to make a start. The important hill sanatoria of Naini Tal and Mussoorie both require help; and there are about 25 towns in the plains that have prepared schemes of sanitary improvements, for which it is difficult to find the money. The prevention of plague is not a purely local concern. The subject is one of supreme importance to the Provincial and to the Imperial Governments. Government might well assist local bodies in their efforts either by grants or by loans free of interest. The Local Government is powerless as it has not the money.

"I have mentioned these three matters, not because they exhaust the needs of the United Provinces, but for two reasons. In the first place, the expenditure required to meet these needs is non-recurring, and can therefore most fitly be met by grants from surpluses. The second reason is that no one but district officers like myself, who are in immediate touch with the people, can know how urgent these local needs are.

"It may perhaps be objected that the United Provinces have their allotted heads of income and that special grants over and above that income are doles,

[*Mr. Porter; Rai Sri Ram Bahadur.*]

and—as such—are opposed to sound finance. To that objection—if it were brought—there are two answers. In the first place, the United Provinces ask for no doles. Those provinces contribute more largely, I believe, than almost any other province to the Imperial Government; and all that they ask is that if in any year the Imperial Government has more money than it requires, a portion of their contribution should be returned to the United Provinces for local expenditure. The second answer is that though the new contract is more favourable to the provinces than its predecessor was, the Provincial revenues are still insufficient to carry on the administration with reasonable efficiency, and at the same time to meet the cost of those reforms which are admitted to be urgently needed. To make matters worse the last two years have been very unfavourable, and Provincial Revenues have suffered severely. In 1904-05 a cold blizzard of unprecedented severity caused enormous loss to the crops throughout nearly the whole of the provinces. This year the rains have failed over a considerable area, and relief works on a large scale have had to be started in some districts. According to the latest accounts some 170,000 persons are in receipt of Government relief. The Provincial treasury is so depleted that it is unable to meet the cost of these relief measures, which is estimated to amount to—this year and the next—some 26½ lakhs. The truth is that the Provincial income is insufficient for Provincial needs. This fact will have to be faced sooner or later. In the interest of the Provinces the sooner it is faced the better.”

The Hon'ble RAI SRI RAM BAHADUR:—“My Lord, it is a matter of great satisfaction that the first year of Your Excellency's administration should be signalised by the presentation of a Budget statement disclosing many pleasant features. The Hon'ble Mr. Baker is to be congratulated, because he has, since his assumption of the guardianship of the public purse, been able to present two consecutive Budgets in which the surpluses have been properly utilized and partial relief given to the Indian taxpayers by remission of taxation.

“GENERAL REMARKS.

“It is regrettable that the partial failure of the last monsoons has affected seriously the agricultural situation in the United Provinces, the Punjab, some of the districts of Bombay, Rajputana and parts of Madras. Necessity has thus arisen for expenditure on Famine Relief and for remissions and suspensions of revenue in the affected tracts. The consequent decrease in land-revenue has diminished the amount of surplus, and thus the resources at the disposal of Your Excellency's Government for improvement of administration and lightening of taxation have been very much curtailed. It must, however, be acknowledged that the manner in which the available surplus of this year is going to be applied has evoked a feeling of approbation. The sound and beneficial policy of relieving a portion of the heavy burden on land, by the abolition of some of the cesses, inaugurated by your distinguished predecessor, and a small beginning in which direction was, last year, made by the remission of the Famine cesses in Northern India and the Central Provinces, has, it must gratefully be noted, been continued and considerably expanded by Your Excellency's Government. The abolition of the Raiyatwari Village Cess in Madras, the Zamindari Dāk Cess in Bengal, the Village Officers' cess in Coorg and the Patwari Cess in the United Provinces, the Punjab, the North-West Frontier Province, the Central Provinces, Ajmer and in Sambalpur, has afforded relief to a class of taxpayers who required relief in this direction so urgently, who have been looking for it patiently so long and from whom it could no longer be withheld with justice, especially when the Indian finances have now for some years past been in such prosperous condition.

“THE PATWARI CESS.

“My Lord, the abolition of the Patwari Cess will be hailed with unmixed feelings of gratefulness by the agricultural taxpayers of the United Provinces. Since the remodelling of the system which completely altered the position of

[*Rai Sri Ram Bahadur.*]

the Patwaris from servants of the village to servants of Government, the levying of any cess from the classes connected with land, for defraying the expenses of their remuneration, was wholly unjustifiable. On the occasion of previous Budget discussions, at this Board, I have been urging the abolition of the Patwari rate. In doing so I simply echoed the universal voice of the payers of that rate in the United Provinces; and I am glad to notice that the same feeling existed in the minds of the officials also, as the remarks just made by the Hon'ble Mr. Porter, the official representative for those provinces, shows. In reply to the remarks made by me on this subject during the last year's Budget debate, and in defence of the action of Government for the retention of this rate, the Hon'ble Mr. Baker was pleased to say that 'the history of the patwari-cess in the United Provinces' threw "grave doubts on the reality of the benefits to be derived by the cultivating classes from the abolition of the cess.' But I beg to say that no such doubt ought to have been entertained, as the enactment (Act IX of 1889) governing the appointment of Patwaris empowered the landlords to realize from the actual cultivators of the soil a moiety of the cess paid by them to Government; and the landlords exercised this power to the full extent. Your Excellency's Government has earned the gratitude both of the land-holding and the cultivating classes who will be benefited equally by the relief now afforded them by the remission of the Patwari cess.

" WANTS OF THE UNITED PROVINCES.

" My Lord, with Your Excellency's permission, I would like first to notice briefly those portions of the Financial Statement which have a direct bearing on the United Provinces—the Provinces which I have the honour to represent, and to urge, for the consideration of Your Excellency's Government, some of the most pressing local requirements and the necessity for enlarging the amount at present allotted to the Provincial Exchequer for expenditure under the settlement now in force.

" I find that in the Budget Estimates—

- (1) provision has been made for Famine Relief and for suspensions and remissions of revenue,
- (2) an additional grant of three and a quarter lakhs has been given for carrying out the reforms recommended by the Police Commission, and
- (3) a sum of Rs. 30,000 has been given for the expansion of the mechanical apprentice class at the Roorkee College.

" As regards the first item, I beg to say that the Provinces have hardly had breathing time to recover from the injurious effects of the unprecedented frost of last year's Winter; the partial failure of the rains in the last rainy season and the keeping off of the Winter rains, too late to retrieve the lost position, have rendered the agricultural outlook in many parts very gloomy and serious. No less than eight districts, or portions of districts, comprising an area of 10,504 square miles, with a population of 3,337,000, have been declared by Government as affected by famine, and the number of persons now on the Relief Works in the affected areas is about 200,000. It cannot, however, at present be said with certainty whether the sum allotted in the Budget will suffice for the purpose.

" The three items described above are the only additional allotments. The Imperial Government has made no further additions to the amount at the disposal of the Local Government to meet the increasing expenditure required for sanitary, educational, and other administrative wants of the Provinces. Indeed, my Lord, the absence of any additional grants in the Budget allotments, for the removal of some of the most pressing needs of the Province, has, I must confess, engendered a feeling of great disappointment. I beg to mention some of the most important matters deserving immediate attention, but which, for want of funds, cannot be taken in hand.

[Rai Sri Ram Bahadur.]

" SANITATION.

" The United Provinces have a greater number of big and thickly populated cities and towns than any other province. The carrying out of sanitary measures in these urban areas does therefore occupy a most prominent place in the list of administrative works. The necessity for these measures has now acquired a greater importance in order to prevent and alleviate the severity of plague and other epidemic diseases. These cities and towns require funds to demolish their insanitary quarters, to improve the paving of their roads, alleys and side walks, to widen narrow streets, and to construct and perfect their systems of drainage. Some of the larger municipalities have already commenced to improve and construct their drainage system, but it is impossible for them to bring them to completion without substantial aid from the Government. The incomes which these and other municipalities derive from local sources do hardly suffice for their ordinary expenses. Without Government assistance the measures of sanitation so necessary for the improvement of the health of these towns cannot be taken in hand. In the Home Department Resolution No. 79, dated the 17th January, 1906, Your Excellency's Government has announced the policy that the municipalities and local bodies should be encouraged and assisted in carrying out measures of sanitary improvement.

" EDUCATION.

- " The next matter which deserves an equal—if not greater—share of attention is Education. A considerable increase in the sum now allotted is necessary for the expansion of Education in all its branches, but those mentioned below require special consideration.

" *Secondary Education.*—The special grant of 6 lakhs, out of the 35 lakhs to the whole of India, has enabled the Educational Department to give a good start in Primary Vernacular Education; a still larger expenditure is required to bring the United Provinces abreast with other provinces. But I am sorry to say that Secondary Education has not received the care which its importance deserves. The grant for Primary Education being earmarked, no portion of it can be applied to improve Secondary Education. In its last review on Education the Local Government, referring to Secondary Education, remarked that in no branch of public instruction is reform more urgently required. The local University has been trying to raise the standard of collegiate education; but this object cannot be attained as long as the students from the institutions imparting Secondary Education go to the colleges with meagre attainments and with no solid training. My Lord, the situation is so truly depicted in the concluding portion of those remarks that I cannot refrain from quoting them *in extenso* :—

' There can be little doubt that the policy of concentrating expenditure on Primary Education and leaving English Education to look after itself has been pushed to undue lengths, with results that were certainly never contemplated by the Government of India, and, in fact, are productive of general dissatisfaction. The remedy is to improve the position of teachers so as to attract good men, to improve the accommodation and surroundings of the schools, to build decent Boarding Houses, and to make large grants to aided schools. The Local Government is doing what it can, . . . but a full measure of reform must await a grant from the Imperial Exchequer.'

The sum annually required by the Local Government to improve the position of Secondary Schools is five and-a-half lakhs to be applied to the following objects :—

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|---|----------|
| (1) Improving the teaching staff in English Schools . . . | 1,50,000 |
| (2) Increasing grants-in-aid to English Schools . . . | 1,00,000 |
| (3) Improving the teaching staff in Vernacular Secondary Schools. | 1,00,000 |
| (4) Grant for buildings | 200,000 |

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" But on this point also the Budget Statement is totally silent and the prayer of the Local Government for additional allotments has not met with a favourable response.

" *Female Education.*—No Province is more backward in female education than the United Provinces. In the Quinquennial Report on Education in India (1897-98 to 1901-02) it was noticed that, except for the Frontier Province, the United Provinces stood at the bottom of the list, with only one girl out of every 203 attending a Primary or Secondary School. Matters have not improved much in the succeeding three years, for the Provincial Education Report, for the year ending 31st March 1905, gives the number of girls attending schools as follows :—

Secondary Schools	.	.	.	.	.	.	.	3,304
Primary Schools	.	.	.	.	.	.	.	18,309
Private Institutions	.	.	.	.	.	.	.	4,037
TOTAL	.	.	.	.	.	.	.	25,650

These figures give the very insignificant percentage of '74 only for every hundred (in other words seven girls in a thousand) of the female population of the school-going age. This deplorable condition of female education in the Province attracted the attention of the Local Government, and in the last year a committee of Indian gentlemen was appointed to go round and visit institutions imparting education to females in the different provinces, and submit a feasible scheme suitable to the condition and wants of the United Provinces. In due course the Committee submitted their Report containing suggestions for the improvement and expansion of female education; and the scheme proposed by them, when in full working, was ultimately to cost about 6 lakhs of rupees a year. To give the scheme a start a much smaller sum was required, but the Local Government in its letter dated 22nd February last addressed to the Director of Public Instruction, though valuing greatly the proposals of the Committee, expressed its inability to give effect to those proposals in their entirety for some time to come; and said that it had no funds to make any further allotment whatever for the purpose during the year 1906-07.

" My Lord, these facts speak for themselves and require no comment. The situation is deplorable indeed when not even a beginning can be made in the improvement of female education for want of funds.

" *Other Educational Reforms and Measures.*—In its Resolution reviewing the educational progress of the last year, the Local Government requires about 2½ lakhs of rupees as a recurring, and 14½ lakhs as non-recurring, for additional expenditure on reforms considered to be most urgently needed in collegiate education and in the inspecting staff. This demand of theirs also has received no favourable consideration.

" The educational awakening in the United Provinces is unprecedented. To commemorate the Royal visit, the establishment of a Medical College was decided upon, and within the short space of only six weeks no less than 12 lakhs of rupees were subscribed spontaneously for that purpose. 'Private liberality,' says the Local Government in its review on the last Educational Report, 'has done much.' Within the last three years several lakhs of rupees have been spent on the schemes for the development of Arabic and Sanscrit, on the endowment of scholarships and on the building of Schools and Boarding Houses. Including these sums (19,55,500), and contributions from missionary bodies and donations. the subscriptions of the public for education in the Province must in three years have amounted to nearly 40 lakhs of rupees.'

" Surely, my Lord, a people who have shown their eagerness for educational advancement in such a practical way deserve every encouragement from the Government who should help them in their efforts with liberal pecuniary aid.

" The aggregate amount of money received from all sources and spent on the education of each unit of population in the United Provinces is very low

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as compared to all other provinces, with the exception of the North-West Frontier Province. The tabular statement given below (compiled from the returns contained in the various Provincial Educational Reports for the last year) will show that the United Provinces spent only Rs. 80 for each thousand of their population, whilst Bombay, which tops the list, spent Rs. 245 for the same unit.

Table showing for each Province (excluding Native States), the total expenditure on education from Provincial Revenues, Local and Municipal Funds and the special grant of Rs. 35,00,000; and the expenditure per thousand of the population according to the census of 1901.

Province.	Provincial Revenues.	Local Funds.	Municipal Funds.	Provincial share in the special grant of Rs. 35,00,000.	Total of columns 2, 3, 4 and 5.	Population according to the census of 1901.	Expenditure per thousand of population.
1	2	3	4	5	6	7	8
	Rs.	Rs.	Rs.	Rs.	Rs.		Rs.
Bombay	26,29,430	9,72,209	4,51,887	5,00,000	45,53,526	18,559,561	245
Burma	9,34,388	2,58,605	2,48,626	2,00,000	16,41,619	10,490,624	156
Central Provinces and Berar	6,29,478	6,56,732	1,09,269	2,00,000	15,95,485	12,630,662	126
Punjab	13,26,732	5,76,936	3,40,443	3,00,000	25,44,111	20,330,339	125
Assam	3,08,427	3,28,298	8,500	1,00,000	7,45,225	6,126,343	121
Madras	25,51,641	9,45,280	2,69,829	6,00,000	43,66,750	38,209,436	114
Bengal	32,27,919	17,45,521	1,17,285	10,00,000	60,90,725	74,744,866	81
United Provinces . . .	11,47,247	19,18,997	1,51,072	6,00,000	38,17,316	47,691,782	80
North-West Frontier . .	31,124	51,761	38,266	Nil.	1,21,151	2,125,480	56

“PROVINCIAL SETTLEMENT.

“On the occasion of previous Budget debates I have tried to show that the United Provinces are not being fairly treated by the Imperial Government in the matter of allotments made to them for local expenditure out of the revenues raised by them. When the last Provincial settlement was being made we hoped that it would be effected in such a way as to put the Local Government in possession of funds which would suffice not only to cover the actual expenses, but leave a good margin to enable it to meet the ever-increasing wants of a progressive Province, in matters administrative, sanitary and educational. In the Financial Secretary's Memorandum appended to the Budget the estimated revenue for the previous provincial settlement is given at Rs. 3,42,62,000 and the expenditure also comes to the same amount. For the present ‘quasi-permanent settlement’ the figures both for revenue and expenditure are Rs. 3,66,64,000. No doubt the Government of India have now and then been helping the provincial exchequer with additional grants to meet certain unforeseen charges, such as Famine Relief and remissions of revenue, etc.; but, my Lord, though the sums thus doled out serve the purpose for which they are given, yet unless the allotment is increased by 50 lakhs a year the provincial wants cannot be adequately relieved, nor can improvements of a satisfactory nature be effected in the various administrative measures required to promote the material prosperity and educational advancement of its people. That the United Provinces have been starved in the past admits of no doubt, but that is no reason why the same state of things should be allowed to continue in the future. Justice requires that they should receive the same treatment financially as the other provinces of India. They contribute no less than a quarter of the total amount of land-revenue payable by the whole of British India. They do not receive as liberal a share in certain heads of divisible revenue as the other provinces do. The subjoined table will show the approximate shares which the different provinces receive

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respectively in those heads of revenue; these shares have been calculated from the figures given in Finance and Revenue Accounts of the Government of India for the financial year 1904-05 at pages 6-7, 18-19 and 22-23 :—

Province.	HEADS OF DIVISIBLE REVENUE.					
	Land Revenue.	Stamp.	Excise	Assessed taxes.	Forest.	Registration.
United Provinces.	$\frac{1}{4}$	$\frac{1}{2}$	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$
Bengal . . .	$\frac{2}{5}$	$\frac{1}{2}$	$\frac{7}{16}$	$\frac{1}{4}$	$\frac{1}{4}$	1
Central Provinces	$\frac{7}{8}$	$\frac{3}{4}$	$\frac{1}{4}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Burma . . .	$\frac{2}{3}$	$\frac{3}{4}$	$\frac{1}{3}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{4}$
Punjab . . .	$\frac{6}{7}$	$\frac{3}{4}$	$\frac{1}{4}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$
Madras . . .	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{4}$	$\frac{1}{4}$	$\frac{1}{4}$	1
Bombay . . .	$\frac{7}{8}$	$\frac{3}{4}$	$\frac{1}{4}$	$\frac{1}{2}$	$\frac{1}{2}$	$\frac{1}{2}$

A glance at this table will show that the United Provinces' share in land-revenue is only one-fourth, while the shares of the more favoured provinces range from one-half to seven-eighths. Under head Stamp four provinces get three-fourths, while the United Provinces get only one half. Excise gives a larger share to Burma and Bengal—that of the last-named being seven-sixteenths, *i.e.*, a little less than one-half—than given to the United Provinces which get only one-fourth. In Assessed Taxes no less than four provinces get one-half, but the United Provinces get only a quarter. Under the head Forest four provinces get one-half, but the United Provinces receive only a quarter. Under no head is this difference more visible than Registration. Two provinces get the entire revenue, others get a moiety, the United Provinces alone getting only a quarter.

“The total receipts under the different heads of divisible revenue for the United Provinces in 1904-05 were as follows:—

	Land Revenue.	Stamps.	Excise.	Assessed Taxes.	Forest.	Registration.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Total amount . . .	6,31,00,000	84,46,000	1,02,00,000	20,90,000	23,97,000	4,54,000
Imperial share . . .	4,57,00,000	42,23,000	76,68,000	15,76,000	17,97,000	3,40,000
Provincial share . . .	1,73,00,000	42,23,000	25,00,000	5,13,000	5,99,000	1,13,000

If the United Provinces' share in land-revenue alone be equalised to those of the more favoured provinces, their finances will be placed in a satisfactory financial condition. The same object can also be attained by the equalisation of the United Provinces' share in two or three other heads of revenue, say Stamp, Excise and Assessed Taxes, with those of other provinces, who are more favourably treated in this respect.

“INDUSTRIAL EDUCATION AND INDIGENOUS INDUSTRIES.

“My Lord, one of the highly disappointing features of the Budget Statement is that only a very small addition has been made to the amount to be spent on technical and industrial education; the total additional sum for the whole of British India being Rs.2,54,000 only. It is hardly necessary to state that the

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addition now made is wholly inadequate when we take into consideration the great importance of the matter, the gravity of the situation, the large interests at stake, the incalculable injury which the absence of a proper and well-organised system of technical and industrial education has done to the material condition of the people, the previous neglect by Government in this direction, and lastly though large surpluses have been accruing since the last seven or eight years yet this branch of education excepting agriculture has not been further advanced. And this paltry sum of 2½ lakhs of rupees has been given to only four provinces and for specified purposes.

“My Lord, opinions may differ as regards the causes—economic or otherwise—which have brought about the poverty of the masses of the Indian population; they may differ also on the question whether the people are getting poorer or richer, but there can be no diversity of opinion as to the fact that the great masses of the people of India are really poor. No better or higher authority can be cited on this point than Your Excellency’s distinguished predecessor Lord Curzon himself, who, when summing up the Budget Debate in 1903, said as follows:—

‘I do not wish it for a moment to be thought . . . that there is no poverty in India. Far from it. There is enough, and far more than enough. There is a great deal more than anyone of us can contemplate with equanimity or satisfaction.

“Such a conclusion must force itself irresistibly upon the mind of every impartial observer of the state of affairs in this country. The whole of the vast population of India may be divided into three classes—the upper, the middle and the lower. The upper class consists of a handful of big zamindars, rich merchants, and holders of important Government offices. They may be left out of consideration as they form only an infinitesimal portion of the population. As regards the middle classes, who form the backbone of the nation, a large number of them look to service or one of the professions as their only haven. But these walks of life cannot absorb any appreciable number of them; they have very slender chance of earning even a humble livelihood, as trade, commerce and industry are practically shut to the majority of them. If we descend to the lower classes—the vast mass—we are confronted with a spectacle of poverty which, as Lord Curzon said, is ‘a great deal more than any one of us can contemplate with equanimity or satisfaction’—and these lower classes form more than 80 per cent. of the three hundred millions of the population of India. In days gone by a goodly number of them had either agriculture or an independent calling of their own as means of livelihood. They either tilled the soil themselves, or were employed by the agriculturists as labourers, or followed some handicraft. The only employment now available to the great majority of the population in the rural areas is either cultivation or labour. The lot of the cultivator, though a little better, is not the less hard or less precarious than that of the labourer. The majority of the peasant classes is involved in deep and inextricable indebtedness, and if the condition of the agricultural labourer is miserable in ordinary times, it becomes simply unbearable, when by the least vicissitude of the season there is a stoppage or cessation of work in the fields. The labouring classes are in a chronic state of poverty hardly raised above the point of starvation.

“The problem of a few thousand of the unemployed in England is deeply exercising the minds of His Majesty’s Ministers, but here in India millions of human beings, also subjects of the same Sovereign, are without employment and sufficient food. This problem of the unemployed in this country, I humbly submit, should engage the serious attention of the Government.

“My Lord, one of the most disastrous and far-reaching effects of the great famine of 1877 was that vast numbers of the artisan and industrial classes, finding their occupations crippled or gone altogether, forsook their hereditary callings and betook to agriculture as a means of subsistence. This combined with foreign competition dealt a death-blow to native industries and handicrafts. A great portion of the rural population has thus been driven to fall back upon land,

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and adopt as their calling agriculture, the success of which in India, more specially in those parts where the means of artificial irrigation are deficient or non-existent, depends largely on the downfall of rain at seasonable times and in suitable quantities. A fierce competition for land for agricultural purposes has sprung up and pressure on it has increased to an alarming magnitude.

"In order to protect the rural masses against the consequences of drought and to improve their condition to resist the effects of famine, the first Famine Commission in their report of 1880 suggested (1) extension of means of irrigation wherever it was practicable with advantage, and (2) improvement in the methods of agriculture. Both these subjects have now been taken in hand by the Government and are receiving due consideration. As regards the first, recommendations of the Irrigation Commission are being carried out in several parts of the country. With regard to the second, steps have already been, or are being, taken to establish institutions for scientific research, for imparting instruction in scientific and practical agriculture and for introducing measures calculated to improve the indigenous methods. Liberal allotments for these purposes have been made to the different Local Governments. The provincial Departments have been awakened to their real duties and it is hoped that, within a reasonable period, lasting and extensive improvements will be effected in the agricultural methods of the country, and which would help to remove the poverty of the rural classes to a considerable extent.

"It is an historical fact that only a hundred and fifty years ago India was industrially one of the foremost countries in the world. Not only did it supply its own cotton and silk fabrics, its metal utensils, its sugar and other industrial products, but exported many of these articles to foreign countries, including the British Isles. But the adoption of the policy of protection by the ruling country in days gone by and other potent causes have dealt the death-blow to the once flourishing industries of India, and alas! her people have now been reduced to the condition of a purely agricultural nation. The figures given in the last Census Report reveal the very disquieting fact that the means of livelihood of a great majority of the Indian population is agriculture. Roughly speaking, of the total population of 300 millions, no less than nearly 192 millions are returned as having agriculture as the means of their subsistence. This indicates that out of every hundred people no less than nearly 66 live by agriculture. A merely agricultural nation, my Lord, which depends to a very large extent on the manufactured goods of other countries, can never rise in prosperity. 'An agricultural nation,' observed Frederick List, the eminent German economist, 'is a man with one arm, who makes use of an arm belonging to another person, but cannot be sure of having it always available. An agricultural manufacturing nation is a man who has both his arms of his own and at his disposal.' The first Famine Commission, in their report, alluded to above, noticed with concern 'that at the root of much of the poverty of the people of India, and of the risk to which they are exposed in seasons of scarcity, lies the unfortunate circumstance that agriculture forms almost the sole occupation of the mass of the population, and that no remedy for the evils can be complete which does not include the introduction of a diversity of occupations, through which the surplus population may be drawn from agricultural pursuits, and led to find the means of subsistence in manufacture or in some such employments.' My Lord, this was the state of things in 1880; more than a quarter of a century has passed away since then. Has any substantial, enduring and appreciable improvement taken place in the condition of the majority of the people, regarding whom the above remarks were made? I am deeply grieved to say that the only answer which can be given to this question is in the negative. It is true that some people have found employment as operatives in the mills established since 1880, in the mining industries recently introduced and on the extensive lines of railways opened since that time. But, my Lord, when the fact is taken into consideration that in the last census (1901) the persons whose means of subsistence is agricultural labour came to about 35½ millions—leaving out the agriculturists proper—the number of men who have found employment in the newly established mills, mines and railways sinks into insignificance, and it cannot be said that any appreciable change for the better in the general condition of that class of people has taken place.

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" The question of industrial education has sometimes been mooted, but it has never engaged the attention of Government to the extent which its importance demands. Your Excellency's predecessor appointed a Committee in 1901, which was directed to visit the different Provinces with a view to enquire into the advisability of establishing Industrial Schools at suitable places and to advise Government, after consultation with local educational officers and others, what in the opinion of the Committee would be the best means of establishing such institutions. The constitution of the Committee had, however, one great drawback—it had no Indian on it as a member. The Committee visited various industrial centres and the head-quarters of the Provincial Governments, held local conferences, collected much useful and valuable information and finally submitted their report. That report embodied proposals which did not commend themselves to the Government of India, and in the Home Department Resolution of 14th January 1904 those proposals were characterised as not fulfilling the requirements laid down in the instructions given for the guidance of the Committee. The recommendations of the Committee were described as open to serious objections. The said Resolution laid down certain lines according to which Local Governments were desired to take action with regard to Industrial Schools as well as the adoption of means to produce better handicraftsmen. But the solution of the problem was left to Local Governments.

" My Lord, this was in 1904; since then the Government has created a new bureau specially devoted to Commerce and Industry, and has placed it under an officer who is possessed of an intimate knowledge of the requirements of the various Provinces and who by his broad sympathies is fitted to advance the cause of industrial training and of the indigenous industries. My Lord, the subject divides itself into two branches; first, industrial education, and, second, revival and creation of indigenous industries. It is hoped that both these matters will receive a more careful attention from Your Excellency's Government than they did during the late *régime*; that prompt, well-defined and systematic action will be taken, and means devised for the resuscitation, promotion and encouragement of indigenous industries, for starting industrial schools where none exist, and for placing the existing institutions on a more useful and efficient footing. In order to attain these objects the appointment of special expert officers, European and Indian, both under the Central and Local Governments, appears to me to be a necessary step. These officers should devote the whole of their time to the subject. What I beg most earnestly to submit is that not only would Your Excellency's Government be pleased to devote their best attention to this matter, but would so place sufficient funds at the disposal of the Provincial Governments to enable them to carry on a well-defined, progressive and gradually expanding system of technical and industrial education. No time should be lost in adopting measures, in addition to those already taken, to resuscitate dying industries and manufactures, and to develop and expand those which are in existence, so that every possible resource of the country may be profitably tapped and utilized, and a substratum of wealth, among the people, may be created, which would enable them to tide over without great suffering, calamities like famine and scarcity. The adoption of such measures will not only improve the material condition of the people, but will also save, to a great extent, the large expenditure which the Government incurs on such occasions and for the recoupment of which recourse is not unoften had to harassing taxation. The considerable sums which Governments of other civilized countries devote to Industrial Education and to the promotion and encouragement of indigenous industries place in very unfavourable light the very small amount which is devoted to this purpose in this country. My Lord, the people of India entertain a very sanguine hope that Your Excellency's Government will be pleased to take a more extensive and more vigorous action in the matter of technical and industrial education and of the revival, establishment and development of indigenous industries. This hope of theirs is strongly fortified by the fact that one of the first measures taken by Your Excellency was the appointment of a Committee to enquire into and report on the question of purchasing supplies and stores for Government Departments from local manufacturers. The Resolution appointing the Committee and indicating the lines to be followed in purchasing stores of local manufacture has

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in some quarters been styled as the 'Swadeshi' Resolution. The sympathetic policy indicated in that Resolution will, when carried out, no doubt give great impetus and encouragement to local industries.

"Before I conclude my remarks on this subject, I beg to bring to Your Lordship's notice that the recent action of some of the Government Departments is not calculated to encourage local industries. I refer particularly to supplies of warm clothing issued, through the Army Clothing Department, to the troops; although worsted socks of good make and finish could be supplied by the Cawnpore Woollen Mills, yet, I am told, a very large order has just been sent Home without giving the said mills or any other Indian firm a chance to submit a tender for supplying that article. When the Cawnpore Woollen Mills asked for a specification to enable them to submit a tender, they were told that none was available. Articles imported from England have to be paid for long before they can be brought into use; and they cannot be rejected if found inferior in quality. The English manufacturers pay no income tax in India, while the Indian mills, by whom such tax is paid, are deprived of the profits which they would make by getting such jobs.

"INCOME-TAX.

"My Lord, there is one item of income which requires special explanation. While presenting the Budget Statement for 1903-1904, Sir Edward Law anticipated a decrease of £240,000 = ₹36,00,000 in the receipts under the head of Income Tax, from the rise of the taxable limit of incomes to ₹1,000. For the year preceding, the Accounts gave the total collections under the head of Assessed Taxes as amounting to ₹2,11,56,423. In the first year after the remission this amount fell to ₹1,82,19,976. But from the next year the amounts began to rise annually, ; in the year 1904-1905 it reached to ₹1,90,47,032, and for the current year (1905-1906) it is estimated to come to ₹1,96,33,000. For the coming year it is estimated that this item of revenue will yield ₹2,01,48,000. A glance at these figures raises in one's mind a very strong suspicion that many persons who ought to have been exempted either have got no exemption at all or that they are being reassessed. The increase of more than 19 lakhs in the estimated income for the year 1906-1907 over that of 1903-1904 appears to be otherwise inexplicable.

"GRADE PROMOTIONS OF SUBORDINATE, JUDICIAL AND EXECUTIVE OFFICERS.

"There is one matter connected with the public services in India to which I beg to invite the special attention of Your Excellency's Government. Under Chapter VI of the Civil Service Regulations grade promotions are allowed to the members of the services enumerated therein, but the subordinate judicial and executive branches of the Provincial Service are excluded from that category; the result is that Munsifs and Subordinate Judges in the judicial branch and Deputy Collectors, Sub-Deputy Collectors and Tahsildars in the executive branch, do not get any temporary grade promotions. These classes of public servants yield to none in their devotion to duty and the performance of the work entrusted to them. In fact, it is they on whom the great bulk of the executive and judicial work in the districts and the sub-divisions falls. The allotment of small sums to each of the provinces will suffice to cover the cost of giving temporary grade promotions to these hard-worked public servants. The bestowal of this privilege will be highly appreciated by them and will give them an incentive to work still better.

"APPOINTMENT OF INDIANS AS ASSISTANT ENGINEERS.

"There is another question relating to the public service in India to which I would draw Your Lordship's attention. It is the appointment of Assistant Engineers to the Indian Public Works Department made in England by the

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Secretary of State for India. Until recent years the door of competition for entrance into the Public Works Service of the Imperial branch was open to such Indians as had the means and the enterprise to compete for those appointments by entering the Royal Engineering College at Cooper's Hill. Lately the number of appointments open to Indians was limited to two. The notices issued by the Secretary of State during the last two years inviting applications from candidates for appointment as Assistant Engineers expressly excluded the Indians, but as the appointments advertised for were in addition to those to be made from the Royal Engineering College at Cooper's Hill, the appointments which were open to Indians, as pointed out by the Hon'ble Sir Denzil Ibbetson during the Budget discussions last year, remained untouched. The Cooper's Hill College is going to be closed, I think, after this year: the Indian public are anxious to know what steps the Government is going to take in order that the appointments which can now be secured by Indians will remain open to them in future when the Cooper's Hill College ceases to exist.

"ACCOMMODATION FOR THIRD CLASS RAILWAY PASSENGERS.

"My Lord, there is one matter connected with the Railway administration to which the Indian public attach great importance, and therefore I consider it my duty to bring it to Your Lordship's notice. There has been a complaint now of long standing that the number of carriages for third class passengers is insufficient on almost all the railway lines, and falls much below the requirements of the constantly growing traffic. This drawback is most injuriously felt when there is a great pressure of third class traffic, specially on the occasion of great gatherings at the religious places. The inconvenience and discomfort to which third class passengers are put, and the great risk of falling victims to epidemic diseases which they incur because of the overcrowding in the carriages, and the long time they have to wait before they can find accommodation in a train, are matters which pass description. It is not an infrequent sight to find the passengers huddled together in trucks and waggons intended for carrying goods. These goods waggons have sometimes labels attached to them limiting the number of passengers to be accommodated in the hot and cold weather, but this injunction is more honoured in the breach than in the observance. My Lord, it is the third class passengers who contribute the large sums which go to swell the railway earnings in coaching traffic. They being voiceless cannot give utterance to their grievances; their case therefore deserves the greater attention. In order to remove their just grievances and to minimise their discomfort and inconvenience, it is necessary that the number of third class carriages on the principal lines should be largely increased. There can be no excuse now for not increasing the number of this class of carriages, as large yearly surpluses have been accruing to those railways, a portion of which can be applied to no better object than providing sufficient accommodation for the class of passengers who contribute so largely to their earnings.

"My Lord, before I conclude I beg to say a few words on the reduction of postage on letters. The time, in my opinion, has come when the minimum charge should be reduced from half-an-anna to one pice. The concession made to the public, by increasing the weight of letters to be carried for half-an-anna, is not of much benefit to them, as half-tola weight letter paper is used more generally than paper exceeding that weight. But by the reduction of postage from half-an-anna to one pice real benefit will be conferred on the public. Receipts of the Postal Department have been increasing steadily every year, and after deducting all expenses, large annual savings have been accruing to Government. In the Financial Secretary's Memorandum the increase for the year about to close is estimated at a little over 15 lakhs, and for the ensuing year it is anticipated to reach nearly 19 lakhs. No apprehension should be entertained of any ultimate loss of income from the concession. Past experience of the working of the Postal Department has shown that

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whenever any concession has been made the increase in the receipts has always exceeded the anticipated loss."

The Hon'ble THE MAHARAJA OF DARBHANGA said :—"My Lord, it has become the custom for unofficial Members of Council like myself to take advantage of the yearly discussions upon the Budget to lay before the Government of India their submissions upon questions of internal administration in which they feel themselves to be interested. In past years there have been occasions more than one in which it has been impossible to avoid controversy or, at all events, serious disagreement with the policy of Government. Today I am glad to recognise that we are meeting in an atmosphere of rest and calm. As the Secretary of State for India observed, in his suggestive speech in the House of Commons some weeks ago, the time has come to allow India to take breath : and we in Bengal at any rate are glad to think that in those words we have discovered the keynote of the policy which Your Excellency intends to pursue in internal affairs. But we are not without our hopes also of progress upon the lines of genuine sympathy and mutual trust which stand revealed by Your Excellency's public utterances. We are in no hurry. The bustle and excitement of the past seven years have cured even the most advanced of Indian reformers of any desire in that direction : but we are nevertheless full of anticipations. Year by year the educated class in India is growing : and while we take a pride in our connections with England, and are grateful for the privileges we enjoy, we are looking forward to the time when Mr. Morley's visions may be realised and when we may be more closely associated with the government of the country than we are at present. Personally all my instincts and all the instincts of the land-owning class to which I belong are against change ; but we like, my Lord, to feel that we are trusted by our rulers, and that our efforts to act as the mouthpiece of Government to the people are being appreciated.

"Your Excellency has already heard from many an authoritative source of the sincerity and the depth of loyal welcome which India has been proud to extend to Their Royal Highnesses the Prince and Princess of Wales. We in Bengal affirm that we yield to none in our affection for the Royal House ; and although Their Royal Highnesses were not able to extend their tour to any other portion of Bengal than the capital of the province and of the Empire, they may rest assured that whether at Dacca or at Bankipore the manifestations of joy and respect would have been no less outspoken than they were in Calcutta. The memories of Their Royal Highnesses' visit will long be cherished in India, and the kind and sympathetic words which they have everywhere spoken in response to our greetings have sunk deeply in our hearts.

"I now venture, my Lord, to approach the consideration of two questions in which I confess I am greatly interested. The one relates to the separation of Executive and Judicial functions, the other to the development of Agriculture.

"I am glad to observe from the recent home telegrams that there is a possibility of some reduction being made in the Army expenditure—an economy which I am sure would be applauded by the whole country. If an expenditure of 15 millions was considered sufficient during the South African War, when Russia was in her full strength, there can surely be no sound reason why an expenditure of considerably over 20 millions should be necessary now when the power of Russia has been broken for years to come, and when we are further protected by '*ententes cordiales*' and the Japanese Alliance. What, I ask, is the use of alliances if we are not to take advantage of them ? There is not the shadow of a doubt that 5 millions a year might safely be cut off the army expenditure for the next ten years, and if the 50 millions thus saved were sunk in developing the great resources of the country, we should at the end of that time have laid the foundations of a new India : and with our sinews of war thus strengthened we should thereafter be in a much better

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position to cope with Russia, should she have designs upon India in the future. On the other hand, if we sink our resources in militarism while Russia, which is sick of war, sinks hers in peaceful development, it may go very hard indeed with India should the shock of conflict ever come. Five million sterling a year represents a capital of one hundred and fifty million sterling. Just imagine for a moment what that would mean if applied for ten years to the development of the country.

“Among the resources of the country which require developing, the great industry of agriculture stands pre-eminent. I am aware that Government intends spending at least 20 lakhs every year in the improvement of our great industry; but unless the cultivators are placed in a position which will enable them to take advantage of the improvements which Government so generously offers, I am afraid that the money spent will be to a large extent wasted. As Mr. Moreland, Director of Agriculture for the United Provinces, remarked in his paper read at the Benares Industrial Conference :—

‘Quite apart from the advance that is to be hoped for from the applications of agricultural science to this great industry, the fact stands out that capital is the great need; and so long as the cultivator cannot find money to realise his existing ideal, it is of little use to try and enlarge his ideal by the introduction of new elements that need still more money for their realisation. You are aware that the Government of India has decided to increase largely the expenditure on the Agricultural Department; but this policy can meet with full success only if the supply of capital is organised at the same time.

“Here then is a further need for cheap capital, for much of the labours of the Agricultural Department will necessarily be wasted if capital is not forthcoming to enable the people to realise their results. So that the supply of cheap capital stands out clearly as the central factor in the problem of agricultural improvement at the present time.”

“It would be beyond the scope of this brief paper to discuss in detail the methods by which capital can be brought within the cultivators’ reach, but a few governing conditions may be briefly stated.

“Firstly, the capital required by the individual cultivator is small; but, secondly, the aggregate amount required is very great; while, thirdly, the supply must be made promptly and on terms that the cultivator can accept. It follows that a very complex organization is required to control a large capital and distribute it in small sums among a great number of individuals with due regard to the character and competence of each. These conditions make it impossible for the need to be met by banks working on European lines; and to my mind, at least, they make it equally impossible to rely on the action of Government agency. In a word, the necessary organization must be built up among the people who are to share its benefits.

“As you are aware, an attempt is now being made to create the beginnings of such an organization in India. The economic side of the co-operative movement will no doubt be dealt with fully by other speakers at this Conference: it suffices for my present purpose to point out that either this or some other equally effective form of organization is a necessary preliminary to any considerable improvement in the agriculture of the country—nay, more, it is necessary to prevent the progressive degradation of our greatest industry.”

“These, my Lord, are weighty words.

“What I have to suggest, therefore, is that Government should tackle the great question of agricultural finance in a much bolder spirit than they have hitherto done. In the Co-operative Credit Societies Act an excellent measure was passed a couple of years ago, but I do not think that Government are backing it up as they ought to do. I am aware that a fair number of Societies have been started in various provinces; but altogether the money turned over by them, so far as I can learn, amounts to only a few thousand rupees, and at the present rate of progress I am afraid that the end will not be reached this side of the millennium. Cultivators themselves have not the capital required to develop their holdings, and moneyed men are naturally chary of new ventures. But while, as Mr. Moreland says, it might be difficult for Government itself to directly finance the cultivators, can it not do something to encourage the moneyed men of the districts to venture a little in the way of financing the villagers? I

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daresay, my Lord, some could be found who would be willing to risk their capital if they had some sort of Government guarantee behind them. With such help, small local banks might be formed which would finance the surrounding villages, or perhaps Government itself might deposit something experimentally in selected villages working under the Co-operative Act; without waiting for the people to first of all put down their money; or Government might deposit in the village society one rupee for every rupee deposited by non-members. I merely throw out these suggestions for what they are worth. All I want is to impress upon Government the absolute necessity of tackling fearlessly this great problem, which is in reality the pivot on which all other problems turn. If the Imperial Government would give a few lakhs every year out of its surpluses to the Local Governments, to deal with as they may think best in developing a sound system of rural finance, it would be indeed surprising if great good to our Indian Empire did not result.

"I now turn, my Lord, to the question of the separation of the Executive and Judicial functions. In my Budget Speech last year I ventured, my Lord, to touch upon this matter, which is regarded by a large and influential section in our community as a matter of the highest importance. What I said then I will, with Your Excellency's permission, repeat today. I ventured to remind Your Excellency's predecessor that the Government of India had since 1898 had before it a memorial signed by a number of distinguished Anglo-Indian officials, in which a prayer was made for the initiation of this reform and a number of weighty arguments advanced in its favour. So far as the public is aware, no reply has yet been given to that memorial. The reform is influentially advocated, and with it so acceptable to a large section of Indian public opinion that I trust I may be allowed to hope that Your Excellency may find the time to give the matter a favourable consideration. In the note of dissent which I appended to the report of the Indian Police Commission I took the liberty of indicating the methods in which, in my humble judgment, the reform can be carried out. It is proposed by no one that it shall be universally introduced throughout India, but we pray that its adoption may be sanctioned in certain carefully selected districts in more settled portions of Bengal, Madras and Bombay.

"Regarding the Calcutta Improvement Scheme, there is very little to be said this year. By next session we may look forward to have the matured proposals of Government before us, and I feel assured that the representatives of the various public bodies and associations will meet with every attention from Your Excellency.

"I have just one other matter to which I wish to refer.

"There was a question asked, my Lord, in the Bengal Council not long ago regarding the bunding of the open space of the Gorai River, which appears to me to open up a question of extreme public importance; and I should like to be allowed to dwell upon it for a moment. The extension of Railway enterprise in Bengal has undoubtedly been of great utility, and eloquent testimony of public appreciation is rendered by the large number of those who take advantage of the facilities afforded; but the fact remains that there is a strong body of opinion that an enormous silent mortality has been the result of rising enterprise in Bengal, beginning with the construction of the East Indian Railway to Burdwan in 1856. It is held that malaria has been intensified in almost every deltaic district traversed by railways by the restriction to drainage caused by the heavy embankments and the neglect from economical resources to provide sufficient waterways for flood water. When Your Excellency's illustrious grandfather was Governor General, Burdwan was a health resort for Calcutta folks. Why has it now gained an unenviable reputation in exactly the opposite direction? There was a time when roads were considered a superfluity in Bengal. It was upon one occasion placed upon record by the Hon'ble Court of Directors that the development of commerce in the province and the convenience of the people were amply provided for by the many waterways to be found in all directions through out the year. I do not ask Your Excellency to aid us to

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revert to the primitive conditions of travel which that despatch reveals, nor am I asserting that there is nothing to be said by way of refutation of the popular views that the establishment of every railway in the deltaic districts means an increase of mortality from malaria. But there is no gainsaying the fact that that is the popular view : and I venture to suggest to Your Excellency the appointment of an expert to investigate the matter and to report if anything can be done. There has been a tendency, which I take leave to deprecate, to reduce expenditure on bridges by narrowing waterways to the utmost limits : and in some cases this had the effect of destroying their efficacy as means of transportation. There is plenty of room in Bengal for raisings and waterways to exist side by side, and there are many districts in Bengal where small rivers are still the best substitute for feeder roads.

"I now turn, my Lord, to a consideration of the Budget Statement which has been placed before us by my Hon'ble friend Mr. Baker. In certain quarters I observe that it has not received a welcome which might be described as altogether friendly. It has been pointed out that Bengal's share in the distribution of the surplus has not been as adequate as the amount of her contributions to the public revenue entitles her to expect. I am free to confess, my Lord, that I should have been glad if the sums allotted to Bengal under the heads of relief to the agricultural tax-payer and of technical education had been larger. But I shall not upon that account forget to be grateful for what we in Bengal have managed to get : and, upon the whole, I think it may be said that the distribution of the surplus is such as to give general satisfaction. Three of the directions in which the surplus has been applied commend themselves to my humble judgment. The remission of the Patwari and Zamindari Dâk cesses is very welcome : and I venture to hold that the disappearance of these imposts will be viewed without regret by the Government no less by the individuals upon whom the burden of payment has fallen. The amount realized has never been large, and the difficulties of realization have been considerable. Again, in the direction of agricultural improvement, I am especially glad to see that it has been found possible to increase last year's grant by four lakhs. Nothing could be better, if I may say so : but I hope I shall not be deemed to be difficult to please if I repeat the note of regret, which I sounded a moment ago, with respect to the disproportionate amount which has been allotted to Bengal, both as regards the grant for agricultural development and the grant for technical education. As regards the proposal to devote twenty-five lakhs for the purpose of police reform, I see that a Calcutta newspaper, whose comments are none the less valuable because of their independence of tone, remarks that Bengal asks for knowledge and is offered a policeman. And no doubt the people of the province would have been glad of a larger appropriation on account of education. But I am not myself sorry to see that the police are being given a turn. The reforms which have followed the report of the Police Commission do not run as fully upon the lines of the popular demand as I and others desired ; but we are not insensible of the important advance which it is proposed to make, and I for one should strongly deprecate any attempt upon financial grounds to starve these much-needed reforms or to hinder them from attaining complete development.

"With these observations, my Lord, I shall ask leave to bring my remarks to a close. But I cannot conclude without offering my respectful congratulations to Your Excellency upon the handsome surplus with which Your Excellency's term of office is inaugurated. The circumstance is full of happy omen, and I venture to hope that every succeeding Budget will be as pleasing in its indications of prosperity and as gratifying in its disclosures as the present.

The Hon'ble MAJOR GENERAL SCOTT said :— " My Lord, in reference to the Hon'ble Rai Sri Ram Bahadur's remarks on the non-purchase of socks of local manufacture, I should like to explain that it is the consistent policy of Government in the Military Supply Department to encourage in every possible way the local manufacture and supply of military stores. As an illustration of this I would refer to the recent expansion of our Ordnance

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Factories, by which last year a saving to the country of about 27 lakhs was effected after defraying all the expenses in connection with their maintenance. As a matter of fact, Government in the Military Supply Department is the largest Swadeshi institution in the country, and rightly so.

"In regard to this question of socks, I wish to say that their local purchase was only discontinued in consequence of the serious complaints of their quality made by the troops who pay for the same out of their own pockets, and to the refusal of officers commanding regiments to take any more until the quality was improved. This resulted in a comparatively large stock being left on the hands of the Army Clothing Department which had to be disposed of at a loss. I can assure the Hon'ble Member that if Indian mills manufacture socks of a sufficiently good quality to satisfy the troops and at prices not higher than the imported article, the Army Clothing Department will place their orders with them.

"There is only one other point in the Hon'ble Member's speech I should like to refer to, and it is that portion in which he speaks of the disastrous condition into which the artisan and industrial classes have fallen. I can only say that one of the great difficulties our Government factories have to contend with, and which I understand is shared by private industries, is that of obtaining skilled labour in sufficient quantity. In spite of the high wages prevailing, men are not forthcoming. I understand, however, that Government has appointed a commission to enquire into and report on the matter."

The Hon'ble MR. HEWETT said:—"My Lord, the general results exhibited in the Financial Statement are very satisfactory from the point of view of the commerce of the country. The value of our trade for 1904-05 exceeded by more than 6 per cent. that of 1903-04, which was in turn 15 per cent. in excess of that of the previous year. In a period during which the seasons have been either bad or indifferent over wide tracts of country, it would not have been surprising had there been a serious decline in the aggregate value of our trade, which depends so much on their character and their effect on the agriculture of the country. It is satisfactory, then, to find that the returns of our trade for 1905-06 are higher than in any previous year except 1904-05. There has been a large falling-off in the imports of the precious and other metals, and a smaller decline in mineral oils, due, in the latter case, to the substitution of a local for an imported article; but in other articles, especially piece-goods, cotton yarn and machinery, there has been a substantial advance. Although our Customs revenue is £39,100 below the estimate, it is still £358,600 more than it was two years ago. The decline in the export of wheat and seeds has been very great, but there has been a large increase in the amount of raw cotton, hides and raw jute exported, while the increase on the exports of cotton yarn, jute bags and cloth, and, to a lesser extent, of cotton piece-goods is also remarkable. The net result is that the falling-off in the total value of our exports has been insignificant. The enhanced income of our railways, the activity now being shown in the improvement of the different ports, and the increasing outturn of minerals, alike testify to the advance which is being made in the development of the resources of the country. The most satisfactory feature of the trade returns for the year is that the exports of manufactured articles, *i.e.*, cotton yarn, cotton goods and jute goods, are higher than they have ever been. The trade of India consists at present mainly of the exchange of natural products for artificial products of European manufacture. The manufactured goods which India obtains are necessarily, in the main, paid for by unmanufactured raw materials; and the goods imported have often been worked up from the materials which she had exported in the raw state. These features represent a primitive stage in the system of international exchange which makes up the trade of the world. It is an assured fact that there is available in India the raw material requisite for almost every form of industry, and the idea that the country ought to be able to produce most of the manufactured articles which it requires is not one which its natural resources render utopian. People argue—and argue rightly,—that these resources should be utilised for the benefit of India itself,

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and not for that of other countries. But when they go further, and contend that restrictions should be placed on the export of food stuffs, they are advocating a policy which must have fatal results in a country that, whatever stage of development in industrial enterprise it may ultimately attain to, must ever remain essentially an agricultural one. The margin of profit on the export of produce such as wheat is close enough to make contraction of export certain whenever there is a serious rise in prices in India; and the fact that the exports fell in the famine year of 1900-01 to 50,000 tons, while they rose in 1904-05 to over 43 million tons, demonstrates both the extent of the fluctuations and the automatic character of the check on exports which the relative level of prices in India, as compared with that on the large wheat markets of the world, affords. In view of the operation of this compensatory and absolutely automatic adjustment, it is, I think, difficult for any one to contend that the payment of 1,760 lakhs of rupees for the wheat exported last year did not benefit the cultivator, the buyer, and the taxpayer in India alike.

“When the question of the manner in which our resources should be developed comes to be considered, opinion as to the lines on which we should proceed is not unanimous. Some argue that what is required for the industrial development of the country is the revival of the indigenous arts and manufactures of India, and reason that Indians have not the capital nor the requisite knowledge and experience to carry on successfully industries imported from Europe. There will be general sympathy with the advocates of the resuscitation of the ancient arts and industries of India, even though one may feel convinced that by this line of development alone India will never take the place in the commerce of the world to which her natural resources entitle her. But those who take the extreme view, to which I have just referred, seem to attribute to the people on whose behalf they speak a want of the qualities of self-help and self-reliance which I should be sorry to think had real existence. The decline of indigenous industries before the competition of the manufactures of Europe has been mainly due to the conditions under which they are carried on. They are on too small a scale to be commercially successful; little capital is employed, and the methods used are antiquated and unscientific. The revival of indigenous industries to the stage of prosperity which they reached, individually, in their palmiest days, would only aid in a very partial and incomplete manner the industrial development of a country the conditions of which have necessarily undergone a radical change since she was brought into intimate communication with the other nations of the world. The Government of India are, however, in full sympathy with those who are endeavouring to improve the state in which our indigenous industries are at present. Much information bearing on this subject has been collected in the Census Reports, and in Monographs which have been prepared on the different industries; but the material is scattered, there is no co-ordination of results, the subject is in general treated from the artistic point of view, rather than from a business standpoint, and the information is in many cases neither sufficiently detailed nor sufficiently exact to be of much practical use. The Madras Government have recently taken the lead in establishing what is practically a Government agency for the fostering and improving of Indian industries. The success which has been attained in developing the aluminium industry and the chrome leather industry by Mr. Chatterton is a good augury for further developments in the improvement of industries in the south of India. We hope that other Local Governments will now make a survey of the state of indigenous industries within the areas of their jurisdiction, with a view to ascertaining the exact state of the various industries and handicrafts, the amount of the earnings and the present condition of the artisans respectively employed in them, the precise manner in which the different industries have been affected by competition with imported articles, the practicability of creating new markets, or of developing markets which already exist, and the possibility of giving a new lease of life to these industries either by means of special instruction, or by the improvement of the appliances in use. It is not too much to hope that something tangible may be done to improve their efficiency and increase their scope by reorganizing them on modern lines. But while the Government of India sympathise with those who advocate the revival and improvement of

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indigenous industries in the country, they feel assured that the welfare and prosperity of India in its present stage of development cannot be secured by this means alone, and that the main line of its industrial progress must be the promotion and development of its industries and manufactures in accordance with the scientific methods and experience of Europe. They find themselves in complete agreement with the view expressed by His Highness the Gaekwar of Baroda at the Industrial Exhibition held at Ahmedabad in 1902, that those who are anxious for the development of the country should devote their attention more to the establishment of the larger industries involving an extensive use of machinery, since it is upon this that the increase of the wealth of the country must mainly depend. Development on these lines is also a matter of the highest importance from the point of view of our increasing population. Although our railways find employment for some 400,000 Indians, our jute and cotton mills for about 330,000, the tea industry for 660,000 and the coal mines for 100,000, the aggregate number of those employed in the more modern forms of industrial enterprises is as yet but an insignificant fraction of the total population of the country. The Hon'ble Mr. Sri Ram has, however, in my judgment, very seriously overstated the case in describing the labouring classes as being in a chronic state of poverty hardly raised above the point of starvation. The information before the Government is that the demand for labour, and for well paid labour, is much in excess of the numbers ready to resort to it. I can corroborate what the Hon'ble Major General Scott has said about the difficulty of obtaining labour, for everywhere the cry is for more labourers: more are required on railways, irrigation works, docks, mineral enterprises, especially mining for coal and manganese, cotton mills, jute mills, and in fact for practically every form of enterprise in the country. The Hon'ble Member is perhaps aware that during the past year we have had to make special inquiries as to the shortness of labour for industrial concerns in the United Provinces and Bengal. The avenues of employment are not few, but the difficulty of inducing people to enter them is immense. It will appear remarkable that this should be the case when Oudh has a population of nearly 550 to the square mile, while many individual districts in the United Provinces and Bengal are still more seriously congested. The fact is that the Indian labourer is still essentially an agriculturist: his heart is in the village, not in the factory or the mine; and his reluctance to leave his home often proves too inveterate to allow him to go away to seek his fortune elsewhere. The diversion of a substantial proportion of the population from agricultural to industrial pursuits is still an ideal the realisation of which cannot be looked for in the near future; but it is in this process that the salvation of the country must lie. There is this much cause for congratulation, that, small though it be at present, the industrial population of the country has rapidly increased during the past decade, and with increased openings for employment, and a change in the attitude of the labouring population, it may be hoped that it will increase much more rapidly in the next.

"Some contend that the revival of Indian industries, and the establishment of industries worked on European methods but with Indian capital, must necessarily involve some displacement of British industry and British capital. There is no foundation for this contention. India is in need of as much capital as is likely to be furnished for her development, whether it comes from within her own boundaries or is introduced from other countries; but no one who has her welfare at heart can look round with feelings other than of regret and see that the Indian community have hitherto, speaking generally, not shown any alacrity to put their capital into manufacturing enterprises, even when their soundness and productiveness have been practically demonstrated. There is no lack of capital in the country for immediate requirements, and in this connection it may be mentioned, as a striking fact, that in the past five years India has absorbed no less than 50 million pounds worth of the precious metals. But the capital which exists is frequently not available; it is scattered and disorganized; and it is largely employed in traditional methods and for unproductive purposes. The first requirement necessary for the material advancement of the country is the development of a more liberal spirit among the people themselves, and the inauguration

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of a system for the active utilisation of any idle capital they may have. The Government of India welcome the awakening of interest in this very important question which was evident in the discussions at the recent Industrial Conference at Benares.

" It is the fashion sometimes to place the blame for the present state of affairs on the Government for not having provided the necessary opportunities in the way of technical education. The difficulty, however, has been not so much that there has been no opportunity for obtaining education of a technical character, as that students were, in the absence of industries in which they could obtain employment, ready enough to attend technical institutions and to enjoy scholarships there, but preferred careers other than industrial ones so soon as their school days were over. It is to be hoped that this reproach will cease to be deserved. We now have students holding Government scholarships in mining, geology, agriculture and textile industries at institutions in Europe and elsewhere, and we are allotting 2½ lakhs in the coming and successive years to certain Local Governments for expenditure on technical education, in the manner described in the Financial Statement. There is, I venture to think, no question that the provision which the State has made for instruction of a practical character is at least equal to, if it is not in advance of, the demand that exists for it.

" With reference to what I have previously said upon the desirability of encouraging local industries on European methods, I may mention that the most important matter which the Commerce and Industry Department has recently had to consider is that of the establishment of an iron and steel industry on a scientific basis. The scheme owes its inception to the far-sighted views of the late Mr. J. N. Tata, who was undoubtedly the pioneer among Indians in the scientific organisation of industries, and whose name will be associated for all time with the establishment of the Tata Institute for research. The Government of India have taken the liveliest interest in the late Mr. Tata's project, and they have determined to encourage it by making certain concessions which were asked for by Messrs. Tata and Sons. It is proposed to locate the works at Sini on the Bengal-Nagpur Railway, and to bring the iron ore from a hill situated some fifty miles from the railway in the Mourbhanj State. The Government have agreed to construct a railway from the hill to the main line; they have arranged with the Bengal-Nagpur Railway that the freight on raw materials required for the works shall be reduced to one-fifteenth of a pie per maund, and that this rate shall also apply in the case of the manufactured products sent to Calcutta for export. They have also engaged to take, for a term of ten years, 20,000 tons of steel rails each year, provided that they are rolled to the required standard and supplied at a cost not exceeding that which would be incurred in importing rails of the same quality. The Government of India have every hope that this venture will result in success, and though they have limited their custom to a term of ten years in the first instance, this indicates no intention on their part of abandoning the purchase of rails at the conclusion of this period, provided that the conditions as regards quality and price are fulfilled. They have also no doubt that, if steel rails and other articles of good quality are rolled at the works, the demand for them will be great not only among the Departments of Government, but also among the railway companies and the public generally. The establishment of an iron and steel industry on a large scale will not only enable the Government and the public to purchase many steel articles of local manufacture which are now imported, but will also help to develop subsidiary industries, particularly those for the production of coal-tar and sulphate of ammonia, for both of which a ready market can be found in India. I think I may claim that the Government have, in the assistance they have promised to give to this very important project, given a practical proof of their desire to encourage local enterprise; and I may also point to the recent Resolution issued on the appointment of the Stores Committee as evidence of our wish to give every encouragement to products of local manufacture. We have expressed our recognition of the fact that local

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industries must frequently lean, to some extent, in the first instance, on the support of Government, and it is our intention to insist that whenever an article required by Government can be produced in this country of the same quality and at the same price as the imported article can be laid down in India, the preference shall be given to the locally produced article.

"I have mentioned, my Lord, the activity now being shown in the development of our more important ports. The statistics showing the volume of traffic demonstrate, in a striking manner, the rapid expansion of the trade of the country. The value of the goods passing through the ports of Calcutta, Bombay, Rangoon, and Karachi has increased by 37, 17, 75, and 152 *per cent.* respectively during the past decade (1895-96—1904-05), while the tonnage of the vessels entered at these ports has increased, during this period, by 86, 40, 82, and 128 *per cent.* The Local Governments, and the port authorities, are fully aware of the importance of anticipating the probable requirements of trade; at Bombay a comprehensive scheme for the improvement of the port has been prepared, and is now being carried out; the Port Commissioners of Karachi have also taken up the question of the arrangements to be made in order to enable them to cope with the large and increasing traffic which the success of the Punjab Canal Colonies has brought to that port; and similar activity has been displayed at Rangoon, where various projects, forming part of a general scheme for the improvement of the port, have already been carried out. Complaints have recently been made as to the inadequacy of the present arrangements at Calcutta; and doubts have been expressed as to whether the Port Commissioners fully appreciate the necessity for providing facilities adequate to the demands which will certainly be made upon their resources in the near future. These doubts are not indeed shared by the Chamber of Commerce; and I have no reason to believe that they are in fact well founded. But, in view of the great importance of the subject, we have invited the attention of the Government of Bengal to the matter, and have suggested that the Commissioners should be called upon to prepare a scheme for the improvement of the port, calculated to provide adequately for the probable development of trade over a reasonably long period.

"Since the Department was constituted in March last, India has entered into, or adhered to, several important commercial Conventions. As a result of repeated representations, the Government of Japan has concluded a Convention with this country, securing reciprocal most-favoured-nation treatment. It was found that, under the general tariff, Indian indigo entering Japan was subject to a rate of duty which still further increased the differential advantage already enjoyed in that country by the synthetic dye; and it became clear that the Japanese market would soon be entirely lost to India unless some reduction in this excessive tariff rate could be obtained. This was secured under the Convention, but further efforts which were made to obtain for Indian indigo additional advantages, with the object of placing it in a stronger position to meet the ever-increasing competition of the artificial dye, have proved infructuous. In view of the widely varying duties leviable under the Japanese general and convention tariffs, the conclusion of the Convention will, it is anticipated, prove of considerable value in fostering trade between India and Japan. In the case of the Bulgarian treaty also, certain important concessions were obtained in the course of the negotiations. Jute sacks intended for the export of cereals will be admitted into Bulgaria free of duty, the duties on rice and jute fabrics have been reduced to approximately half the rates which were at first suggested, and the tariff for cotton yarns has been considerably reduced. The Treaty secures reciprocal most-favoured-nation treatment. India has adhered to the commercial treaty concluded between the United Kingdom and Switzerland, and in that case also substantial concessions were obtained during the course of the discussions. The rate of duty finally adopted for cleaned rice is half that originally proposed; and the tariff on indigo has also been reduced by half, although our request for a fiscal discrimination between the natural and the artificial dye was rejected.

"Last year, I explained the genesis of the proposal to create an Imperial Customs Service for India, which will be entrusted with the administration of the customs at all the more important ports. Owing to the necessity for a

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further reference to the Secretary of State regarding certain minor points, the inauguration of the new Service was considerably delayed ; but all preliminaries have now been settled, and members of the new Service have already been appointed to the ports of Calcutta, Bombay and Rangoon. Save in the case of a limited number of appointments, the scheme can only be brought into operation as vacancies occur in the existing establishment ; but the nucleus of the new Service has now been formed, and we are confident that it will do much to facilitate business, to introduce uniformity of practice at the various ports, and to place the administration of the customs upon a satisfactory and consistent basis.

" The concessions that have been made since the last Financial Statement was presented, with the object of improving facilities in postal and telegraphic business, have been appreciated by the public. The result of the various reductions made in postal charges has been that the normal annual increase of revenue has been swallowed up by the cost of the concessions made. As I stated last year, the increase of the weight to be carried for half-an-anna from $\frac{1}{2}$ to $\frac{3}{4}$ tola was regarded by the Government of India as a step towards the ultimate raising of the weight to be carried for half-an-anna to 1 tola, and of that to be carried for one anna from $1\frac{1}{2}$ to 2 tolas. I am able to say that, should the revenue from the Post Office increase during the coming year in the same ratio as it has in recent years, and should the financial position remain otherwise satisfactory, we hope to recommend to the Secretary of State that this reform, which will, it is estimated, cost between 13 and 14 lakhs of rupees, may be carried into effect in the financial year 1907-1908. It is not, I am afraid, possible to hold out any hope that the further reduction suggested by the Hon'ble Mr. Sri Ram can be carried out. The present half-anna rate of letter postage is one of the lowest in the world, and its existence has necessitated the adoption of a quarter-anna rate of postage for postcards, which is actually the lowest in the world. It may be necessary to consider whether in reviewing the net financial results in future we should not combine the results of both the Postal and Telegraph Departments, but this is a matter which has not been so far investigated. Sir Arthur Fanshawe, who has presided over the Postal Department for 17 years, is about to sever his connection with the post of Director-General. There is no branch of the Department on which he will not leave the impress of his zeal and ability, and I gladly take this opportunity of saying that his services are much appreciated by the Government of India, as they are also, the Government believe, by the public generally.

" The reductions in the cost of internal telegraphic messages have resulted in a large increase in the traffic. During the period from 1st July to 31st December the number of four-anna private telegrams increased by 65 per cent., while the percentage of telegrams of this class to the total number of deferred telegrams increased during the same period from 33 to 46 per cent. These figures afford eloquent testimony to the popularity of our cheap telegrams. The reduction effected from 1st August last in the cost of ordinary telegrams between India and Europe from 2s. 6d. to 2 shillings a word has not so far resulted in a material increase in the traffic ; but traffic will doubtless respond in time to the reduction. The Press rate, in spite of the efforts of the Government of India to secure its reduction to eight pence, remains at a shilling a word, and I am afraid that no hopes can be held out that the companies will, for the present, grant any further reduction.

" The question whether the Postal and Telegraph Departments should be amalgamated has for some time been under the consideration of the Government of India. Amalgamation in some form or another has been carried out in a large number of the States of Europe. We have had the conditions under which these Departments are administered in the more important of these States examined by an officer deputed to Europe for the purpose. He has obtained much useful information, which has received our earnest attention. We are of opinion that amalgamation can only be justified if it can be shown that it will result in a financial saving without loss of efficiency or will secure increased efficiency with a similar standard of expenditure. The enquiries which have

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been made tend to show that some economy must result if both Departments be brought under one Director General and if an arrangement be made under which the management of traffic would be entrusted to one set of officials, while the management of the scientific and technical work of the Department would be under the control of another set of officials, namely, the engineers. In determining whether the change would tend to increased efficiency there is more than one aspect of the question which requires the most careful consideration. At the present time the organization of the two Departments is entirely different, and it would be absolutely impossible to amalgamate them without a radical change in the Telegraph Department. Moreover, the conditions in this country differ from those in most countries in Europe in which amalgamation has been effected: the operations of both Departments are conducted over vast areas, a circumstance which in itself furnishes an argument against too great centralization of authority; while the work of the Director General of the Post Office in India is already of a most exhausting character, and tends year by year to increase. I have great doubts as to whether it would be possible to impose upon that officer the duty of supervising the Telegraph Department, even in a general way, in addition to the work of his own special Department. Another obstacle to amalgamation seems to be that, in a country where the rank and file of both the Postal and Telegraph Departments are imperfectly educated, and where the development of both Departments on independent lines has already proceeded for so many years, the dislocation which would at first result from a change would be far greater than that experienced in the majority of European countries. It seems then very doubtful whether the amalgamation of the two Departments would under the circumstances be a measure of practical reform. Since they have been placed under the same Department of the Government of India, considerable progress in the work of co-ordination between them has been effected. This process will, we hope, continue, and, so far as one is able to judge at the present stage, it will be in this direction, and by steadily enforcing the principle that post and telegraph offices should be combined wherever possible, that the development of the two services will proceed. Our enquiries have, however, led us to the opinion that an internal reorganization of the Telegraph Department may be desirable in order to relieve the Director General of the mass of details with which he is at present burdened, by entrusting greater responsibility to the intermediate officers. The former will, if such a scheme can be devised, be in a position to devote more time to the more serious problems of administration, while the devolution of authority will enable the latter to deal more efficiently and more promptly with the complaints and representations of the public.

"The memorandum by the Railway Board attached to the Financial Statement gives in a small compass the most important facts connected with our programme of railway administration for the coming year. Last year the allotment of 1,250 lakhs for the railway programme marked a material advance in the allotment of funds for the improvement and extension of our railway system. The sum allotted during the coming year amounts to 1,500 lakhs. Of this sum 891 lakhs are allotted to open lines, 539 lakhs to lines already under construction, and 70 lakhs to lines which are to be commenced during the year. The table on page 1 of the Railway Board's memorandum is instructive. Our annual expenditure on the Railway programme has risen in five years by over 66 per cent., and the expenditure which we propose on open lines in the coming year is more than the total expenditure on all lines in 1901-02, and about 150 per cent. higher than the expenditure on open lines in that year. With the remarkable development of the internal resources of the country that has taken place in the last few years, the claims of the open lines for improvement, and especially for the addition of rolling stock, have become more and more urgent. I trust that the Hon'ble Mr. Apcar will be satisfied that the Government has not ignored the need for increasing the rolling stock when I assure him that it has in the past five years devoted about 12 crores to this object. The Railway Board have noticed how the equipment of a railway company with rolling-stock adequate to meet all traffic demands at all times is inconsistent with its management on commercial principles. But there is no doubt, on the other hand,

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that the Board are right in their opinion that the standard of rolling-stock on Indian railways generally is below what the trade of the country demands. The Railway Board and the Government of India will do all they can with the resources at their command to remedy this defect, but it has to be remembered that the amount of capital that can be provided for the improvement of our railway system is not unlimited, and that the process of increasing the rolling stock must necessarily be more gradual than we could wish.

“ The public will read with interest the Railway Board’s remarks regarding the conditions under which third class passengers travel. In the last twenty years the number of third class passengers travelling during the year has risen from about 70 millions to over 200 millions. This section of the travelling public is out of all proportion the most profitable to the railways. The Government of India, as stated during the discussion of the last Financial Statement, attach great importance to the improvement of the arrangements made for their comfort on the railways, and it is gratifying to learn that this matter is now receiving the earnest attention of the railway administrations. It must, however, be apparent to any traveller that the arrangements for the comfort and convenience of the third class passenger are still very often far from what they should be, and the need for further improvement will continue to be pressed by the Railway Board and the Government.

“ I should like, my Lord, to say a few words on one or two matters connected with railway administration which are of special interest to the mercantile community. They are:—the uniform classification of goods and the simplification of railway tariffs; the question of minima rates; that of a more simple procedure than is provided by the Indian Railways Act for the settlement of disputes between the public and the administrations; and the terms of the risk note to be used on our railways.

“ The existing system, under which each railway has its separate classification of goods, often of too elaborate a character, and a separate scale of rates on the portion of its journey for which a consignment has to proceed over its own line, leads to uncertainty on the part of the public and great waste of time, and tends to hamper trade. The Indian Railway Conference Association have appointed a Committee to consider the lines on which change should proceed, and it is to be hoped that they will be able to devise a workable scheme for the simplification of the goods tariff, a reform which is, in the opinion alike of the public and the Government, a crying need. The matter is one requiring a considerable examination of details, and will of necessity occupy some time before completion.

“ Where powers have been reserved to the State under the contracts with the different Railway Companies, certain maxima and minima rates have been fixed, each railway being free to vary its rates within these limits. The imposition of minima rates was necessary to prevent guaranteed companies from arranging their freights without regard to the interests of the State which guarantees them interest, and which has the largest stake in the undertakings, and the abolition of a minimum would unquestionably lead to internecine competition such as led to disastrous results in America and caused serious complications in Great Britain. Permission has recently been sought by the East Indian Railway to reduce the rates in force on its system below the fixed minima on the ground that its natural advantages enable it to carry long distance traffic at rates which are below the minima and below those which would pay other companies. This representation has received the support of the Bengal Chamber of Commerce and other mercantile opinion in Calcutta. It has been urged in favour of the proposal that freight charges should bear some relation to the cost of working of each railway system. It has also been contended that the present system leads to the deflection to the Western ports of both import and export trade from the port of Calcutta, the natural advantages of which entitle it, it is urged, to cheap inland transport. It is stated that the maintenance or reduction of the present rates of freight on wheat and seeds might be the factor to determine whether India or some other country should supply the markets

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in which she has to compete with foreign countries. On the other hand, the mercantile community of Western India contend that while the reduction of minima rates generally is a measure which should be supported, it would not be fair to allow one railway to have lower minima rates than another. It will be understood that the proposal before Government does not provide for any general lowering of rates on the East Indian system. Reductions are contemplated only at the competitive points, and with the avowed object of taking traffic away from other lines, and it cannot be presumed that the result of these operations would have any stimulating effect on the total production of the competitive zone inasmuch as no proof has been afforded that the diversion of trade to Calcutta would cheapen the total cost of transport to the markets of the world. The proposition that each railway system should be allowed to carry traffic at rates consistent with a fair return on its capital, and no more, is, at first sight, reasonable; but the principle on which it is based could not be carried out in practice. The receipts of individual railway systems vary much from year to year according to the character of the seasons and the briskness of particular branches of trade. It would therefore be quite impracticable to fix, except for the very shortest periods, rates of freight based on the principle that freights must be adjusted so as to secure an approximately even return on capital, and any attempt in this direction must result in an infraction of the generally accepted proposition that rates should be kept as steady as possible. Moreover, the State is responsible that the railway systems, in which the Indian taxpayer is either immediately or prospectively interested to the extent of some 250 million pounds, are worked so as to secure a reasonable return on the total capital invested in them. The reduction of the minima rates on the East Indian Railway alone would involve the transfer to that line, at the expense of other lines, of traffic which would be conveyed at a lower cost, and a consequent reduction of the general income of our railway systems without a demonstrable increase of the general volume of our internal trade. Nor can the argument, that the reduction of railway freights would lead to Indian produce being landed cheaper in markets in which India has to meet foreign countries in competition, be legitimately advanced in favour of the reduction of rates on the East Indian Railway alone in order to benefit only one of our ports. These reasons are, in the opinion of the Government of India, convincing against the proposal of the East Indian Railway Company that it should be allowed to reduce its minima rates below those to be enforced on other railway systems.

"It will be remembered that in September last the minima rates at which coal can be carried over distances beyond a certain length were reduced. The East Indian Railway has not as yet availed itself of the opportunity of reducing its rates for the carriage of coal to the minima rates then brought into force and is, it is understood, unwilling to do so until the grand chord line is opened; nor is its traffic generally carried at the lowest rates already permitted. One may fairly infer from these facts that that Company agrees with the Bengal Chamber of Commerce in holding that a general reduction of minima rates is undesirable, although a good deal of support might be found for this measure on the ground that it may be expected to lead to the expansion of trade and also to the reduction of the price of Indian produce in the markets of the world. This question is, however, a large one which cannot be determined without detailed enquiry as to the manner in which the present minima rates operate and the effect that a reduction would be likely to produce upon the returns from our railway systems. That inquiry the Government of India will now direct the Railway Board to undertake.

"Our present Railway Act contains provision for the determination of differences regarding through rates and traffic facilities generally by the appointment of Railway Commissions. Complaints have been made that the process prescribed by the Act is an expensive one, and that it does not give authority to all persons interested to make applications for the appointment of a Railway Commission. Support is given to these complaints by the fact that no such Commission has been appointed during the fifteen years for which the law has been in force. The matter has recently been under the

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consideration of the Government of India, who now propose to recommend to the Secretary of State that the law should be amended so as to give to the Railway Board powers corresponding to those exercised by the Board of Trade under the Railway and Canal Traffic Acts in force in Great Britain, and to confer on individuals and public and commercial bodies the right to seek the assistance of the Railway Board and Railway Commissions in questions relating to traffic. The results of the proceedings of the Railway Board will be recorded for the information of the Government of India, but, like the Board of Trade, they will have power to act as a Board of Conciliation only. The only final and binding award will still be, as in England, that of a Railway Commission, to which, however, no one will be entitled to apply for a through rate until he has first made a complaint to the Board and the Board have disposed of it. The Government of India trust that the exercise of these powers of conciliation by the Railway Board will result in a great portion of the disputes as regards through rates and unfair treatment being amicably settled.

"In his Report on Indian Railways Mr. Robertson observed that the conditions hitherto attached to the risk notes in use on Indian railways are of a very onerous nature. In the first place, railways are exempted from all liability as regards loss or damage to the property while in transit which they could not have prevented with due care ; and, in the second, they are not held responsible for the wilful acts of their servants. Now there can be no question that the present form of risk note is irksome, not only to the mercantile community, but also to all classes of the public ; and the question of amending it has been for some time before the Railway Board and the Government. Under the Railway Act the risk note in use on a railway administration has to be in a form approved by the Government of India, but we are advised by our legal advisers that the law does not empower us to prescribe a form of risk note which the railway companies would be bound to accept. The Railway Board do not consider that it is possible to obtain acceptance by the railways of a form of risk note of a more liberal character than that adopted by the Railway Conference of 1904 which, though an improvement on the present form, still gives special protection to the railways, except for the loss of a complete consignment, or of one or more complete packages of a consignment, due to the wilful neglect of the railway administration. To my mind this is an unsatisfactory conclusion, but in the present state of the law it is impossible to arrive at any other. I can only hope that further consideration of the matter by the railway companies will lead to a proposal to assimilate their risk notes more closely to those in force in England. I am led to believe that this hope may not be vain by the facts that at the Railway Conference of 1904 there was a strong minority of representatives of the various Railway Companies in favour of a more liberal form of risk note, and that when a Resolution to this effect was proposed at the Conference of the Indian and Ceylon Chambers of Commerce held in Calcutta last year it was not opposed by the Agents of the three lines which centre in Calcutta, all of whom were present at the meeting.

"The Hon'ble Sir Denzil Ibbetson will, I believe, make some remarks upon inland navigation, to which the Hon'ble the Maharaja of Darbhanga has referred, and all that I need say upon this subject is that the Railway Board recognize no antagonism between railways and our splendid inland waterways, and that the Commerce and Industry Department, like the mercantile community, regards the improvement and development of the latter as of very material importance to the interests of commerce."

The Hon'ble SIR DENZIL IBBETSON said :—"My Lord, in placing the Financial Statement before the Council last Wednesday, my Hon'ble Colleague in charge of the Finance Department alluded very briefly to the climatic conditions which have led to a reduction of over 50 lakhs in the Land Revenue entries in the Budget of the current year, to an allowance for suspensions and remissions of land revenue during that and the coming year amounting, in two provinces alone, to nearly 2½ crores, and to the

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provision, during the same two years, of over a crore for expenditure upon famine relief. The distress from which parts of India are now suffering is, I am glad to say, not comparable, either in dimensions or in intensity, with that which prevailed in 1896-97 or in 1899-1900; and it has not been thought necessary, as on those occasions, to make a separate Famine Statement in Council; but I propose to preface my remarks today by a brief account of the position as it now stands, and of the prospects for the approaching season.

"The shortage of crops in certain parts of India has led to a general rise of prices which, even where the harvests have been fairly good, has caused some hardship to the poorer classes. But the areas in which serious distress exists are at present confined to two tracts; the first lying immediately to the south-west of a line drawn from Amballa to Allahabad, and embracing the south-eastern districts of the Punjab, the south-western districts of the United Provinces, and the northern States of Rajputana and Central India; and the second comprising the Deccan and Karnatak districts of Bombay.

"Although five of the Punjab districts have suffered from a failure of the rainfall of last monsoon and from the delay in the arrival of the usual cold weather rains, the ample rain that fell in February has so relieved the situation that famine relief is required in one district only, where an area of 930 square miles with a population of 320,000 is affected, and there are now some 10,000 persons on relief. It is not expected that relief works will be required in any other district of the Punjab, but in all the five south-eastern districts liberal suspensions of revenue amounting to 14 lakhs of rupees have already been granted, and it is anticipated that further suspensions of some 10 lakhs will be required. Arrangements are also being made to grant advances aggregating about 4 lakhs of rupees.

"The United Provinces had already suffered severely from the unprecedented frosts of last February, which destroyed the hopes of a bumper harvest throughout a great portion of the Province. This led to a serious rise in prices, but the distress was sufficiently met by very liberal remissions of the rabi land revenue, amounting to 37½ lakhs of rupees. The frost, however, was followed by a serious deficiency in the monsoon rainfall in Bundelkhand and parts of the Agra Division, where the kharif crop on unirrigated land was a virtual failure. In these areas the cold weather rains have also been unfavourable and the unirrigated rabi crop very poor. It has therefore become necessary to declare that famine conditions exist in the whole of four districts and in portions of three others, comprising in all an area of nearly 10,000 square miles with a population of over 3 millions. In the affected districts 10 lakhs of rupees of the kharif demand have been suspended or remitted, and advances to the amount of nearly 7 lakhs have been made. Relief operations have been started, and there are now 160,000 persons on relief in the United Provinces. Notwithstanding the favourable rains of February, which have materially relieved the situation throughout the greater part of the province and have already led to a fall in prices, it will be necessary to grant liberal suspensions of land revenue in the rabi instalment, and preparations are being made for large advances on the approach of the monsoon.

"In the northern and eastern states of Rajputana and the British districts of Ajmer-Merwara that lie within them, the drought has been more severe. The whole area of Ajmer-Merwara, with a population of nearly half a million, has been suffering from famine for some months past. The outturn of the kharif harvest was exceedingly poor, while the cold weather rainfall has been much less favourable than in the Punjab and the United Provinces. Preparations to meet the distress were made in good time. Liberal suspensions were granted of the demand of last rabi, which also was a poor harvest in these districts, and two-thirds of the land revenue demand for the kharif has been suspended or remitted. Takavi advances to the amount of nearly a lakh and a half have been made and relief works have been opened on a liberal scale. According to the latest returns there were 56,000 persons on relief of all kinds, amounting to about an eighth of the population. In ten of the neighbouring States of Rajputana, famine conditions prevail in greater or less intensity over an area aggregating

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34,000 square miles with a population of 5 millions; and although, in accordance with Rajputana custom large numbers of the people have temporarily left their homes, and taken their cattle to Sind and Malwa and other districts where water and fodder are to be found, it has been necessary to undertake relief measures in most of these States and there are now 48,000 persons on relief. Much assistance has been derived from the construction of the Nagda-Muttra Railway, which passes through several of the distressed states, and where necessary loans of money and the services of officers have been granted by the Government of India to the Durbars. In the northern States of Central India also famine conditions prevail, the area affected being estimated at 18,000 square miles with a population of $2\frac{1}{2}$ millions. Here, too, the rainfall of the monsoon was very deficient and the winter rains have been poor, so that the loss in both the kharif and rabi harvests is very serious. The Chiefs of the affected States have granted liberal suspensions and remissions amounting to some 32 lakhs of rupees; where necessary famine works have been opened; and 80,000 persons are now on relief.

"The affected area in Bombay comprises, either in whole or in part, eight districts in the Deccan and Karnatak which aggregate 25,000 square miles with a population of 4 millions. In the tracts which are most affected the rainfall of last monsoon was very deficient and badly distributed, and the outturn both of the kharif and of the rabi crops much below the normal. Prices have therefore risen to double the ordinary rates; but fortunately the occurrence of fair harvests in parts of the territories of His Highness the Nizam, in the Berars, and in Khandesh where the cotton crop was particularly good, has afforded employment to large numbers who have left their homes in search of work, while the prosperity of the textile industry in Bombay has further provided an unusual amount of employment in the mills; and it is roughly estimated that from 150,000 to 200,000 people have left the distressed districts and found employment elsewhere, so that notwithstanding the failure of the crops and the rise in prices, there has been little demand for relief work at famine wages and only some 40,000 people are at present on relief. The Bombay Government have met the scarcity by very liberal suspensions and remissions of land revenue amounting to 65 lakhs of rupees, or half the total demand. They have also suspended about 30 lakhs of arrears of land revenue and 26 lakhs of takavi, and have made liberal advances amounting to over 20 lakhs of rupees to enable the people to deepen their existing wells, to dig new ones, to make other small improvements, and to purchase fodder for their cattle.

"A small area in the extreme west of the Kathiawar Peninsula belonging to the Baroda State with a population of 70,000 is also suffering, and here too liberal suspensions of land revenue and advances of takavi have been made and some 3,000 persons are on relief. Some portions of the Hyderabad State also are in a distressed condition and adequate measures have been taken, but the distress is not acute and the number of persons on relief is only 3,500.

"To sum up, 18 British districts and 35 Native States are more or less affected by famine, the distressed area aggregating for the whole of India nearly 100,000 square miles, with a population of 16 millions, of whom half are in British and half in Native territory; and the number at present on famine relief in all parts of India amounts to 400,000. One marked feature of the administration of the present famine is the liberality with which, both in British districts and Native States, land revenue has been suspended and remitted and advances made to help the people to meet the distress. The Famine Commission of 1900 laid great stress upon the importance of help of this description in the early stages of famine, as tending to put heart into the people; and the action thus taken has gone far to render the distress less acute and to postpone the appearance of famine conditions.

"In one respect we are better prepared to meet famine than on any previous occasion, in that the Famine Codes of all Provinces have recently been revised in accordance with the experience of the last two famines, and that the Native States have accepted the same general lines for their guidance. The

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revised Codes embody two new principles of great importance, namely, the abolition of the minimum wage, and selection for admission to village works; and, if famine was to come, it is fortunate that it should be possible to test the operation of these changes on a small scale, before they are acted on in presence of widespread calamity. Everywhere the arrangements made are adequate. Very little aimless wandering or emaciation is reported, the people even in the distressed tracts are physically in good condition, and there is nowhere any serious increase of mortality or crime. There is, however, in almost all parts of the affected area, a very serious dearth of fodder, and great difficulty is experienced in keeping the cattle alive. Such measures as are possible to save them have been undertaken. Reserved forests have been thrown open for grazing, arrangements have been made to supply grass and fodder on a large scale, and the chief railway administrations have reduced their charges for its transport by rail. It is to be feared, however, that there will still be considerable mortality among the cattle before the next rains replenish the local supply of fodder, and it will be necessary to make liberal advances to cultivators to enable them to replace their plough cattle.

"It is anticipated that when the rabi harvest has been reaped there will be a considerable increase in the number of persons seeking for relief, which will be maintained until the advent of the monsoon renders preparations for the autumn harvest possible, and arrangements have been made to meet the probable requirements of the situation.

"In January, 1900, when speaking upon the Famine Statement which I had just made to the Council, Lord Curzon said:—

'I should like to recognise the generosity with which Native States—and I am alluding more particularly to some of the States of Rajputana and Central India—have accepted from the Government of India an interpretation of their obligation in respect of scarcity and famine, more liberal and more exacting than has ever before, at any rate in those States, been applied. We have done our best to help them by the loan of officers, and by the offer of expert advice. But the Chiefs and Durbars have also helped themselves, and have worthily proved their right to the affection of their people.'

"These words, true as they were then, are even still more true on the present occasion; and I am sure, my Lord, that you will desire to associate yourself and the Government of India with me, when I cordially recognise the admirable spirit in which the Chiefs in whose territories distress is now present have realised their obligations, and have prepared to discharge them.

"The Hon'ble Mr. Gokhale has pressed upon us a liberal policy in the matter of Government loans for the relief of agricultural indebtedness. There are two distinct aspects of the question which must be considered separately; namely, the general relief of the indebtedness of agriculturists, great and small, throughout the country, and the relief of those special cases to meet which Encumbered Estates Acts are framed, where the object is to save from expropriation families of influence whom it is desirable on public grounds to maintain in the possession of the estates to which they owe that influence.

"I take the wider issue first. In the first place, the task is beyond our powers. It is true that the Hon'ble Member suggests an experiment only; and no doubt, if action were eventually to be taken on a large scale, it would be wise to begin experimentally. But the experiment would be made with the avowed intention of extending it, if successful, to the whole of India. Now, as the Hon'ble Member himself recognises, it would be out of the question to advance public money to satisfy the book claims of creditors without examination and equitable reduction of those claims; and such an examination of the agricultural indebtedness of India would be a stupendous work, for which we do not possess the necessary agency. Moreover, it would be of but small avail to relieve the agriculturist of his existing burdens, if we left him to accumulate new ones by a repetition of the old process; and the alternative is, either that we should forbid alienation—and I welcome my Hon'ble friend with open arms, as a distinguished, if tardy, convert to a course which I have advocated for so long, although I understand that he demands a price for his acquiescence,—or that we should undertake, to a very

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large extent, the financing of the agriculture of India—an operation to which any resources at our disposal, whether from revenue or from loans, would be wholly inadequate.

“ But if we cannot interfere with complete efficiency, then any interference on a considerable scale would do more harm than good. I find that the analogy which I am about to employ was used by Sir James Westland in the debate of 1896 to which the Hon'ble Mr. Gokhale referred us the other day ; but I may say that it occurred to me quite independently when thinking over his remarks. In times of famine, the Government of India have always steadfastly declined to attempt to supplement the food supplies of the country by Government importation of grain. It is true that Government could do more than any individual importer ; but it is equally true that it could do far less than the collective private enterprise of the country. And if Government were to step into the market as an importer on a large scale, its interference would paralyse individual, and thereby destroy collective, enterprise, the place of which it could never hope to supply efficiently. Exactly the same considerations hold good in the matter of agricultural finance ; and it was for this reason—it was out of consideration for the ultimate interests of the agriculturists, and not, as the Hon'ble Mr. Gokhale so incorrectly suggested the other day, out of ‘ tender solicitude for the interests of the money-lender ’—that Sir James Westland refused to hold out hopes of Government intervention on a large scale.

“ But if the cure of existing evils is beyond the power of Government, it is doing its best to prevent their repetition or aggravation. By making takavi advances on a scale which, though insignificant by comparison with the total needs of agriculture, is considerable in itself, it steadies the money-market, and tends to keep the interest demanded by private lenders within reasonable limits ; and only last November a resolution was published which impressed upon Local Governments the importance of greater liberality, elasticity, and simplicity in their takavi systems, while I hope shortly to ask the Council to assent to legislation designed to give them a freer hand in the matter than they now possess. Just two years ago an Act was passed which provided very exceptional facilities for the establishment by the people of co-operative societies ; since then the larger provinces have appointed whole-time officers whose duty it is to encourage and assist them in availing themselves of these facilities ; and I shall presently show that the results already obtained are encouraging. Finally, we have under consideration at the present moment a scheme for the institution of an experimental agricultural bank, financed indeed by private capital, but based upon a Government guarantee, which, if it should prove successful, will doubtless find imitators in other parts of India ; and if Indians will, as the Hon'ble Maharaja of Durbhanga seems to think they will, consent to employ a portion of the crores of capital which at present lie idle in this country, in the promotion of such ventures, a great step will have been taken towards the solution of the problem of agricultural finance.

“ As for the case of estates which are of sufficient individual importance to render their preservation a matter of public interest, Government has never been backward, when special circumstances affecting whole classes of landholders have existed, in coming to their assistance ; and large sums have been advanced to the Oudh taluqdars under the Act of 1870, to the Sindh zamindars under the Act of 1881, and to the landholders of Bundelkhand under the Acts of 1882 and 1903, to mention only instances which occur to my memory. But in the particular case with which we were dealing the other day, no difficulty is experienced in raising loans at the moderate interest of 6 per cent. from private sources on the security of official management, and there was clearly no case for the intervention of Government. In individual cases the Government of India have not always been able to comply with the proposals of Local Governments for advances. But in the very nature of things, they are generally cases where the liabilities are so heavy in comparison with the assets that no private lender will look at the security, and it is our duty to be careful of public money. If in

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regard to any particular estate I should be able to make out a good case for assistance, I do not anticipate that I should find my Hon'ble Finance Colleague obdurate in the matter.

"I referred just now to the subject of Co-operative Societies which so largely occupied the Council's attention some two years ago. They may like to know what progress has been made since then in the matter. It has been much more rapid than the Hon'ble Maharaja of Darbhanga seems to think; and, in my opinion, quite as rapid as is either wise or safe in the initial stage of what is admittedly an experiment. Up to date 465 societies have been actually registered, of which 439 are rural and 26 urban; and the total capital already accumulated is about 3 lakhs of rupees, of which more than one-half has been subscribed or deposited by members themselves. Our latest reports show that over half a lakh of rupees had at that time been actually advanced by Government to these societies; while the revised estimates contemplate an expenditure, during the expiring year, of Rs. 1,28,000 under this head. It is satisfactory to find that the principle of unlimited liability for rural societies, of which the Hon'ble Mr. Gokhale is, I think, unnecessarily afraid, has been adopted everywhere except in one province, and that even in that province hopes are entertained that it will ultimately be accepted by the people. There is not much information in the reports regarding the purposes for which the societies already established have granted loans, nor are any general statistics available as to the average amount of each loan. But it appears that the people are on the whole in favour of loans for unproductive as well as for reproductive expenditure, and the information tends to show that the societies are fulfilling their purpose of providing small folk with small loans at cheap rates. The subject of grain banks has attracted some attention in Bengal and Bombay, but no societies working entirely on a grain basis have as yet been registered.

"Last year I sketched with some fulness the general lines which we proposed to follow in the expansion of our Agricultural and Veterinary Departments. It will now be sufficient to say that those lines have been generally accepted by Local Governments who have based detailed proposals upon them, and that the Secretary of State, for whose sanction the general scheme was submitted, has approved of it with certain reservations as to the desirability of caution in our advance, and as to the difficulty of obtaining at once the large number of experts for which we had indented. I may remark, in passing, that both the Secretary of State and the Government of India are entirely in accord with the Hon'ble Mr. Gokhale as to the desirability of training an indigenous agency, so far as this may be found possible. Meanwhile progress is being made with the purchase of land and the construction of the necessary buildings, and the expert staff is being gradually selected and appointed. Hon'ble Members will have seen that the recurring grant under this head which I announced last year, has this year been raised from 20 to 24 lakhs, and will, I hope, accept the fact as an assurance of our good intentions in a matter of such vital importance to the prosperity of the country. The demand for protective sera for the inoculation of animals has increased so greatly that we are proposing to establish a second laboratory for their preparation in Southern India. And those who are interested in such matters will have noticed the publication of the first Annual Report of our Agricultural Department, and the appearance of the first numbers of two new publications, *The Agricultural Journal of India* and *The Journal of Tropical Veterinary Science*, which will be edited by our scientific experts.

"At Pusa good progress has been made. The whole of the arable land has been brought under cultivation, and has now been prepared sufficiently to enable us to start tests preparatory to laying out permanent experimental plots. The pasture lands also have been permanently improved by eradicating poor grass and substituting good feeding grasses. The buildings are progressing rapidly, several being already completed, and it is hoped that the main Phipps' Laboratory will be ready early in 1907, when it will be possible to open the College. Meanwhile good temporary laboratories have been constructed, and Indian candidates are being trained in each special branch for employment under the

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Provincial Departments of Agriculture. The whole of the expert staff have been appointed, and all are now resident at Pusa except the Agri-Bacteriologist, whose services have been temporarily lent to the Government of Bengal for employment on Indigo Research Work.

"The preliminary survey of the varieties of Indian cotton, to which I alluded last year as the necessary ground-work for any improvement on scientific lines, has been completed by the publication of Professor Gammie's *Indian Cottons*. Some progress has already been made in the ascertainment of the varieties best suited to particular tracts; and irrigation has been found to render possible the cultivation in the Deccan of the finer herbaceous cottons of Guzerat and the early sowing of improved varieties in the United Provinces. The trial of exotics has given excellent preliminary results in Sindh, where Egyptian cotton seems to grow well, and the area under it will this year reach 6,000 acres. It has yet to be seen whether continuous cultivation in Sindh will result in deterioration of the staple, but there are already grounds for hope that this will not be the case. I am told that careful selection of seed from plant to plant on Government farms has already resulted in improvement, which should shortly give some practical results: meanwhile the rougher and more general method of selection which I described last year is being continued, and promising reports have been received, particularly from the Punjab, Bombay, and the Central Provinces. The raising of new varieties by hybridization has been retarded in most provinces by want of expert staff, but Bombay has advanced considerably, and some selected hybrids are now being tested in the field with good promise of success. The tree cotton experiments have not yet yielded any definite result. The Syndicate to whose operations I referred last year has been unfortunate in the seasons; and the question of supplementing the grant of Rs. 45,000 which we have already made for its experimental work is under consideration. The British Cotton Growing Association have placed the sum of £10,000 at our disposal, to be spent as we think best during the next five years upon the extension and improvement of cotton-growing in India; and the Secretary of State has sanctioned the employment of a cotton expert on the Imperial staff, while Provincial Departments have opened several new farms in cotton tracts.

"In connection with jute, interest has mainly centered upon two questions; the deterioration of the quality of the fibre, and the shortage of supply. All enquiry tends to show that the deterioration is mainly due to fraudulent watering, and the simplest and most effectual cure for both evils probably lies in the extension of cultivation. This is now being seriously taken up by the Department of Agriculture of Eastern Bengal and Assam, and in Behar, while experimental trial of the crop is in progress in Madras, the Central Provinces and Bombay. A jute specialist has recently been appointed; and the co-operation of the commercial community in his inquiries will be cordially welcomed.

"As this is the sixth and will be the last time that I shall have the privilege of addressing the Council in connection with the Financial Statements, I should like to say a word upon a subject to which I have not hitherto had occasion to refer, but which is very closely connected with the agricultural interests of the country—I mean the Forest Department of India, for which my Hon'ble friend Mr. Sim has pleaded so eloquently—and the occasion is the more appropriate, since it was exactly fifty years ago last January that Dietrich Brandis, the father of scientific forestry in India, entered the service of Government. I doubt whether the general public realise the enormous actual and potential value of our forest property, the degree in which it already contributes to our revenues, and the success with which it is managed by the admirable service which is in charge of it.

"Twenty years ago the surplus revenue contributed by our forests to the public purse was a little over half-a-crore. The revised estimates for the year which is just expiring put it at a crore and-a-quarter. And this, in spite of the fact that all those measures for the ascertainment, development, and protection of our forests, which really represent

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capital expenditure upon the property, and which are not yet by any means complete, have been and still are paid for from revenue. The selection of forests for reservation or protection, their demarcation, the settlement of private rights in them, their protection from fire, the improvement of communications upon which the profitable extraction of timber depends, and the provision of accommodation for the officers in charge—all these represent non-recurring expenditure which has been met from current revenue ever since we first seriously undertook the management and protection of Indian forests, and which still absorbs a considerable portion of the gross income; and when these processes are complete, we may look for a still more marked expansion of the net surplus.

“But the question of forestry in India has aspects far more momentous than the mere money value of the timber which is produced. Upon the maintenance of our mountain forests depends the steady flow of the rivers from which our great irrigation canals draw their supplies, while the protection of our hill forests is often (as lamentable experience has taught us) the only safeguard against the devastation of the cultivated plains below them. With the increase of population and the bringing of hitherto unoccupied areas under cultivation, the demand for fuel and small timber is daily increasing; while if the Indian cultivator is ever persuaded to restore to his fields in the shape of manure a fair portion of what he takes from them in the form of fodder, that demand must expand enormously. Our forests, moreover, annually afford grazing to great numbers of the cattle upon which agriculture is dependent, while in time of drought, such as the present, they constitute invaluable reserves of grass. During the year which is just over, the Secretary of State has sanctioned proposals for the expansion and improved remuneration of the higher grades of the Forest Service, and we have under consideration similar proposals in connection with the executive grades, and with the reorganisation of the Provincial Service, and of the school at which it is trained. We are also considering proposals for the establishment in connection with that school (which we propose to raise to the status of a college) of an Institute of Forest Research, which will place Forestry upon an equal footing, in respect of scientific enquiry and instruction, with Agriculture and Veterinary Science.

“During the year Indian standard time has been introduced on all Indian railways and telegraphs, thus bringing for the first time our local standards into simple and intelligible relationship with those of the rest of the civilised world. The new time has been accepted by the whole of India with the single exception of Calcutta; and I cannot believe that the capital of the empire will long continue to hold aloof from a reform of such obvious convenience.

“Before closing these remarks, I must mention two Resolutions which have been published within the last few months on the subjects of Remissions and Suspensions of Revenue in seasons of drought, and of takavi advances to agriculturists in need of loans. To the latter I have already alluded. The liberal principles laid down in the former have been readily accepted by Local Governments, who are revising their rules in order to give effect to them. We have recently addressed the Secretary of State on the subject of the exemption of improvements from assessment to land revenue, and as soon as his orders are received instructions will issue on the subject. These three Resolutions will complete the general review of our Land Revenue System which was undertaken during Lord Curzon's term of office, and I think that even the sternest critics of that system will admit that much has been done during the past few years to define and make public the principles upon which it is based, to ensure leniency and liberality in their application, and to introduce elasticity into their operation.

“Turning now to the Department of Public Works, the most important event of the year has been the acceptance by the Government of India and the Secretary of State of the rough programme which was formulated by the Irrigation Commission as an approximate forecast of operations, and as the basis of our financial arrangements. The papers have been published; and Hon'ble

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Members will be aware that an expenditure of some 44 crores, or nearly thirty millions sterling, is contemplated within a period of twenty years, of which four-ninths may roughly speaking be said to be allotted to protective works, and will be provided from the moiety of the Famine Grant which is available for works of this character. This decision has a two-fold importance and significance. In the first place the principle is now for the first time definitely formulated and accepted, that it is not only legitimate but also our duty to spend very considerable sums from the general revenues upon works which will in all probability never be remunerative either directly or indirectly, but which will protect local areas and their inhabitants from the horrors of famine. And in the second place we now have, for the first time since the first Famine Commission reported in 1880, a programme, provisional no doubt, and liable to alteration as the examination of individual projects proceeds—but still a programme, however rough, based upon an examination by competent persons of the irrigational needs and possibilities of India as a whole, and upon the relative necessities of the several provinces. In each of these respects a great advance has been made, and the policy of the Government of India in respect of protective irrigation has now been definitely laid down for a generation at any rate.

“Meanwhile, as papers which were recently published will have shown the Council, good progress has been made in the examination of individual projects. Already, since the report of the Commission appeared, forty-three projects commanding over seven million, and designed to irrigate over three million acres, have received final sanction. But this is only part of the work which has been done. In those provinces in which it was needed, a hydraulic reconnaissance or stock-taking of irrigational possibilities is in progress; while numerous projects of greater or less importance are in an advanced stage of preparation. Among them is a protective work—the Tungabhadra scheme—which is the most costly irrigation project that has yet been framed in India, being estimated to cost some 12 crores of rupees, to irrigate annually nearly a million acres, and to afford protection in years of drought to another million. To enable us to deal promptly and effectively with these schemes, we have recently appointed a whole-time Inspector-General of Irrigation whose duty it will be to advise us in carrying into effect the enlarged programme which we have adopted.

“But the duties of the new Inspector-General will not be confined strictly to irrigation matters. In January 1905 the Secretary of State and the Associated Chambers of Commerce of India almost simultaneously invited our attention to the potentialities of the natural waterways of the country, and especially of Bengal, and to the desirability of maintaining and improving this means of communication. Our attention was naturally first directed to the channels of the great Ganges-Brahmaputra delta, which traverse one of the richest portions of India, and which, while virtually forbidding transit by rail or road, afford unexampled facilities for transit by water. The subject had already been under the consideration of His Honour Sir Andrew Fraser, who is fully alive to its importance; it has been decided to examine it as a whole; and, especially since two separate Local Governments will now be intimately concerned in its development, the Inspector-General of Irrigation will advise us upon the general aspects of the matter. Three branches of it are at present receiving special attention. It is proposed to spend some 28 lakhs of rupees upon the improvement of the Madaripur Bhil route, upon which 11 lakhs had already been spent up to the end of 1903-04. And the Tolly's Nallah scheme and the improvement of the Bhagirathi route are now under detailed examination. These are large schemes, which naturally have the first claim upon our consideration. But I quite agree with the Hon'ble Maharaja of Darbhanga that the smaller channels also have their value as feeders; and I hope that they, in their turn, will receive the consideration that they deserve.

“The improvement of the port of Chittagong has also occupied our attention, and the Government of India have contributed ten lakhs to the cost, and have thus fulfilled the promise of help from Imperial revenues which was made

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by Lord Curzon in February 1904. An expenditure of 8½ lakhs upon dredging plant and revetment has already been sanctioned, which will meet the more immediate requirements ; and a complete estimate of the cost of the whole work to be done is now under preparation.

“The Hon'ble Rai Bahadur Sri Ram will find the answer to his question about the admission of Indians to the Public Works Department as recruited in England, in the Supplement to the *Gazette of India* of the 15th July 1905. They are admissible up to a limit of ten per cent. of the total number recruited each year ; and as the recruitment for 1907 has been fixed at 39, this means a substantial advance upon existing rules.”

The Hon'ble SIR ARUNDEL ARUNDEL said:—“My Lord, there is one drawback to the liberal grants which the Hon'ble the Finance Member has fortunately been able to make to the different Local Governments for such special objects as police, agriculture, education, etc. It is that some Hon'ble Members are disposed to look reproachfully at the Government of India for not having given a great deal more to these and other objects, and to forget that it is to their own Local Government they should appeal which is in possession of large funds under the decentralized system of finance out of which all administrative expenditure should ordinarily be met. The Hon'ble Mr. Sri Ram frankly says that the subsidies in aid of the Government of India are ‘doled out,’ and laments that much more has not been given, though he cordially approves of the abolition of the patwari or village service cess which has absorbed so much of the available surplus, and which must obviously prevent the Finance Member from making further subsidies.

“The Hon'ble Mr. Porter strongly advocates grants from the Financial Department for the housing of police-officers. But from the outset of the discussions on the report of the Police Commission it has been recognised that the expenditure on police buildings is a purely provincial liability. I fully recognise that there is much to be done ; but most Local Governments have now a *quasi*-permanent financial settlement, and it rests with them to apply their growing revenues to purposes of this kind. In the era of reform inaugurated by the Police Commission the Government of India have taken upon themselves much heavy recurring expenditure that is involved, and the initial charges remain for the Provincial Governments.

“With regard to plague I think the Hon'ble Mr. Porter somewhat overstates his case. It is not all kinds of sanitary reforms that affect the spread of plague, and the connection between plague and large drainage schemes is, I venture to think, remote. What does help against plague is paving and making minor drains, etc., of masonry, because these improvements help to exclude rats and prevent the soil from becoming infected. Building improvements that let in light and air are also admittedly beneficial by tending to destroy the bacillus. But it cannot be admitted that the Government of India should finance large schemes of municipal drainage because plague exists and may continue to spread. I of course do not wish it to be supposed that there may not be other reasons which might justify the Local Government in seeking help when necessary from the Government of India for large schemes of municipal improvement.

“The Hon'ble Mr. Porter and the Hon'ble Mr. Sri Ram lament the absence of special grants for hostels or for other objects connected with secondary education. The desirability of hostels for the youth of schools and colleges now universally recognised has assumed prominence only within the last few years. It was, I think, due to Dr. Miller of Madras, who took time by the forelock and erected a hostel for his college out of his private purse. The advantages of hostels are so great that Local Governments are recognising an obligation to endeavour to provide them. But the obligation is essentially Provincial. The matter is also one in which private liberality may fairly be expected to aid. A District Board or Municipality numbering among its members most of the local magnates is exactly the sort of body that might be expected to stimulate local munificence, and to persuade well-to-do neigh-

[*Sir Arundel Arundel.*]

bours that the founders of educational institutions build for themselves the most enduring of all monuments.

"I cordially sympathize with the Hon'ble Nawab Bahadur Khwaja Salimulla of Dacca in his advocacy of improved educational facilities for the Mahomedan population of Eastern Bengal and Assam which he represents. I am confident that their needs will receive the fullest consideration from the Lieutenant-Governor, Sir Bamfylde Fuller.

"I understand the Hon'ble Mr. Gokhale to advocate universal free primary education throughout India. That would be a large order. The average monthly cost of a primary school is estimated to be Rs. 10. To increase this to Rs. 20 would cost over a crore of rupees even if not a single additional school were started.

"The first and greatest difficulty is money. The next is the reluctance of parents of the poorer classes to send their boys to a school and thus forego the value of their labour. In England it was found that the only way to surmount this difficulty was to make the education compulsory. In India we are many years distant from that consummation. But the hope and aspiration of the Hon'ble Member for universal free primary education is one that must meet with wide sympathy, and will be kept in view as the distant peak to be one day attained while the work of the present must be slow progress along the plain.

"I am glad to see that the Hon'ble Sri Ram, though he takes a gloomy view of the agricultural labourers' condition, does not repeat the pessimistic statement that India is steadily growing poorer—a statement that no budget, however prosperous, and no increase of trade however great, avails to abate. If the yield of the taxes increases, it is urged that money is needlessly wrung from the poor; if the yield falls off, it can only be due to increasing poverty. Such pessimists will doubtless remain pessimists to the end.

"This is the last occasion on which I shall have the honour of addressing this Council, and I will take this opportunity of saying that an Indian experience of over forty years has compelled me to realize the great improvement that has been brought about in the condition of the raiyat and the agricultural labourer in the course of that time. Roads and railways have benefited them no less and indeed more than the rest of the community, for food can now be brought to them if crops fail, while high prices are realized by the export of abundant harvests. Formerly a single failure of the monsoon meant widespread famine: now it is usually but local scarcity which can be successfully combated by the administrative officers. And here I must emphatically dissent from the Hon'ble Mr. Gokhale's statement that 'the exhaustion of the soil is fast proceeding, the cropping is becoming more and more inferior, &c.' My experience as a Settlement Officer and as a Collector in no way bears this out. I heard privately a few weeks ago on the best authority that the crops of the district which I left nearly fourteen years ago were never more splendid than they are this year.

"The Hon'ble Mr. Sri Ram says 'the labouring classes are in a chronic state of poverty hardly raised above the point of starvation.' If poverty means the absence of a credit balance with the village money-lender, the statement may be correct. But avoiding statistics and speaking from actual experience, I may say that I was for five years Collector and Magistrate of a district, Kistna, 8,000 miles in extent and yielding 60 lakhs of land-revenue per annum, which I knew well, and to allege that the labouring classes there were hardly raised above the point of starvation is entirely incorrect. Very many of the raiyats had saved the money and were money-lenders themselves to their poorer neighbours. The labourers had work and food sufficient for themselves and their families at all ordinary times. Signs of prosperity among the raiyats appeared in the widespread substitution of tiled roofs for thatched; in the importation of large quantities of gold coins—largely French—for use as ornaments; and not least in the number of graduate pleaders who settled in various towns of the district and drew comfortable incomes derived from litigants who were chiefly agricultural. One infallible test could always be applied, namely, that the little children in the poorer hamlets were ordinarily well fed and were neither pinched nor emaciated.

[*Sir Arundel Arundel ; the Commander-in-Chief.*]

I do not recollect to have heard of any cases of death from actual starvation during my tenure of office in that district, though it is possible there may have been, and the poor-law guardians of many a large town in England, to say nothing of a whole county, would be glad if they could say the same."

His Excellency THE COMMANDER-IN-CHIEF said :—"My Lord; my Hon'ble Colleagues, the Maharaja of Darbhanga and Mr. Gokhale, have both raised the question of army expenditure, and the latter has reiterated many of the arguments and assertions which we have heard at each Budget debate during the three years I have had the honour of sitting at this table.

"The Maharaja of Darbhanga has asked :—'What is the use of alliances if we are not to take advantage of them?' But surely he must recognise that there are higher and more world-wide interests underlying our alliance with Japan than the mere pecuniary advantage to this country that he puts forward. It is, of course, evident that, owing to recent events, we have a breathing space in which to complete the precautionary measures which have been recognised to be indispensable. But that is no reason why we should abandon our efforts to remove obvious and acknowledged defects and deficiencies, or reduce our army below the standard that was considered necessary before any of these events occurred.

"I am glad, however, that this discussion has been raised ; as it gives me an opportunity of trying to place the matter of army expenditure before my Colleagues in a light in which it may not have been put to them before,

"I think it will be allowed that military expenditure must be considered from three broad standpoints :—

- firstly*, efficiency and sound organisation ;
- secondly*, economy in the expenditure of the funds voted for the army ;
- and
- thirdly*, the strength of our forces, and the remuneration our men receive for their services.

"The time at our disposal is limited and I have no desire to encroach on your patience unnecessarily. But I should like to make a few remarks under these main heads which I trust will show my Hon'ble Colleagues that I unite with them in their desire to secure efficiency and economy in all matters—particularly military—and that I consider it would, of course, be unjustifiable to maintain any forces which can be proved to be superfluous for the necessities of this country.

"The Hon'ble Mr. Gokhale would prefer to rely entirely on what he terms 'citizen-soldiership,' framed on Japanese lines. From my short experience of this country and its inhabitants, I am not convinced that the people of India would welcome, with all his enthusiasm, the introduction of conscription, with rates of pay that would necessarily be very much lower than the soldier receives at present ; and, if Mr. Gokhale does not mean this, I cannot follow his argument that 'the present military burden will be largely reduced.' I cannot help thinking, also, that it is possible that the martial spirit which he wishes to develop might have drawbacks to the class he most closely represents which my Hon'ble Colleague has not fully contemplated.

"Although both of my Colleagues object generally to military expenditure, I hardly think either of them would be satisfied unless the army of this country were maintained in as efficient a manner as possible. I feel sure also that they will agree with me that in all great industries it is the unquestionable duty of employers of labour to do all in their power to remove any deficiency or defect in their arrangements which might be productive of needless risk or danger to their dependents. It is a simple, rudimentary obligation in the relations between master and servant, which I feel sure no member of the community would attempt to challenge, and I think those who represent the mercantile communities of this country will admit that it is only a wise policy to prevent their workpeople being hampered by antiquated machinery or insufficient materials.

[*The Commander-in-Chief.*]

"Now there is a class of public servant which I think should not be excluded from equal consideration in this respect. It is a class of men of whom we are justly proud, who have brought much credit to the Empire and on whom we have to rely for the maintenance of peace and security in this country. I refer to the Army in India. It must be remembered that these men are prepared to give their lives freely for the integrity and honour of this country and have proved the fact in innumerable instances. If, then, the owner of a mine only does his duty in securing his employes from the obvious risks which surround them in the exercise of their calling—if he would rightly be convicted of a grave dereliction of such duty if he were not to protect them from the dangers of fire-damp, or were to send them down into the shafts in worn-out cages—surely a Government only fulfils an equally essential obligation in endeavouring to protect its soldiers, who devote their lives to the State, from needless destruction, by giving them the means which are essential for the performance of their dangerous duties.

"There is also another aspect of the case which I think will appeal to my Hon'ble Colleague.

"We have recently had an example of how efficient organisation and preparation produce remarkable results in war. The Japanese prepared for possible eventualities, with the result that, when the time of trial came, they passed triumphantly through what everyone recognised was a critical turning point in their national history, instead of being crushed as some expected they would be in their recent struggle against a great Military Power. Do those who represent the best opinions in this country desire that it may be said that the Indian soldiers are inferior in fighting quality to our gallant allies, not because of any want of bravery or patriotism on the part of the men themselves, but because of their not being given the necessary organisation and equipments? I think not; and I feel sure that my Hon'ble Colleagues the Maharaja of Darbhanga and Mr. Gokhale would be the first to resent any disparaging remarks of this sort against their countrymen, and that they would wish to prevent the possibility of any such comments being even hinted at or suggested.

"In addition, therefore, to the paramount obligation of securing the peace and safety of the State, it seems to me to be incumbent on Government, both on the score of humanity and also for the honour and fair name of the people of this country, to see that our soldiers are not sent into the field imperfectly organised, with inferior weapons, and without the necessary ammunition and other essential warlike stores.

"That is what we are trying to do. We should, of course, prefer to have our measures even more highly perfected, so as to have a margin of safety which would give our troops the advantage over an enemy. But that is at present beyond us. We are merely trying to bring our equipments up to a standard equal to that of possible opponents, and remove defects which have too long remained unrectified. However we may desire to study economy, we are compelled to pay some measure of regard to the re-armaments and military progress in other countries, and are often forced against our wishes into expenditure which we should prefer to devote to other objects. It is also an unfortunate fact that, ever since the days of bows and arrows, the cost of lethal weapons and munitions of war has steadily increased. That, however, is a factor beyond our control. But we have been and are still doing the best we can to reduce the expenditure thus caused as much as possible. By the extension of Indian factories we hope to be able to turn out guns and other equipments more cheaply than we have hitherto been able to obtain them from England; and this course will have the further advantage to India that the money spent on labour will go to Indian workpeople.

"Under the arrangements which have recently been introduced, Army expenditure will, in future, be under the direct control of the Finance Department. I should, therefore, be trespassing on my Hon'ble friend Mr. Baker's preserves if I were to enlarge on the subject of economical expenditure of money. But I am conscious that he relies on my full and cordial co-operation, to prevent waste of all sorts, so that the funds voted for

[*The Commander-in-Chief.*]

the army may be expended with strict regard to economy and due regard to military efficiency.

“ At the last debate on the Budget, my Hon’ble Colleague, Mr. Gokhale, took exception to a remark that his knowledge of military matters was not extensive. I have not the temerity to repeat a proposition which he said was superfluous. But I do say that the correct appreciation of our military position necessitates long and careful examination, by the best experts we can get with full knowledge of the numerous factors which affect the problem. When such investigations have been completed and laid before the Government, it is for them to decide what means should be provided, that is, what the strength of the army should be. But I think everyone will agree with me that before even discussing any addition to our forces, it is our duty to try, by improvements in our arrangements, to make the best of those already at our disposal. This is what we are trying to do. This is mainly what the Reorganisation Scheme means, regarding which there seems to be considerable misapprehension. Some appear to have misgivings that a large increase to the forces is projected; others that the bulk of the expenditure is to be spent on buildings. Both assumptions are widely incorrect. As the result of a long and elaborate examination, it has been found that, by improved methods, we should be able, out of our existing forces, to place in the field an army of practically double the strength that was previously considered possible. The expenditure now being incurred, which is only a fraction of what would be required if we had to add an equal number of new units—is partly for the equipment of these additional troops. But it also includes the cost of new rifles; the introduction of quick-firing guns for the artillery, which, in turn, involves larger reserves of ammunition and ammunition columns; improvements to our transport, the coast defences, and many other measures which have long been recognised as indispensable. The bulk of the expenditure is for these services, and only a small proportion is being incurred on the necessary accommodation required for the better distribution and consequent better organisation and training of the army. As I have shown, we are spending money in reorganising our existing materials, and not on any material addition to the forces; though, as a consequence of the experiences in South Africa and Manchuria, we are also trying to reduce the large deficiency in officers, and are building up a larger reserve for the Native army which is a move in the direction which the Hon’ble Mr. Gokhale advocates. In taking these precautionary measures, we are spreading the cost over a considerable period, so as to reduce inconvenience as far as possible; and when they have been completed, we may hope that military expenditure will be largely reduced.

“ When we come to the question of the remuneration which men in the army receive, I feel sure that my Hon’ble Colleagues do not consider the sepoy overpaid. Indeed, having regard to the increased cost of living, I should be somewhat surprised if they did not think the converse to be more correct.

“ I trust that I may have been able—even if it only be in some slight degree—to reassure my Hon’ble Colleagues that we are not indulging in military extravagances; but on the contrary, are endeavouring, by overhauling our existing machinery, to obviate increases which might otherwise have been forced upon us. It must be remembered that if we are to secure peace and tranquillity to this country, which are essential conditions of its material progress and advancement, we must be watchful; and, whilst resisting any tendency to be influenced by extreme views on either side, it is necessary that we should methodically and systematically organise the available means at our disposal. Capitalists will not place their money in India, or assist in the development of its resources, on which this country’s prosperity so much depends, unless they are convinced that there is assured security. Therefore, if we desire to attract capital and act up to the motto ‘Advance India,’ we must be careful that no idea gets abroad that our position is insecure or that we are neglecting necessary precautions.

“ My Lord, in the gracious message which His Royal Highness the Prince of Wales sent to Your Excellency as he was leaving India, he referred

[*The Commander-in-Chief; the Lieutenant-Governor; Mr. Baker.*]

to the grand traditions of the army in this country, and to the keen spirit and general striving towards efficiency and preparedness for war which appeared to His Royal Highness to animate all ranks. I can assure Your Excellency that the Army of India deeply appreciates the high commendation thus bestowed upon them by our King Emperor's son. The loyalty, bravery and devotion of this army are all factors upon which confident reliance can be placed; but its preparedness to take the field must depend largely upon the action of Government, for even an army of heroes can only be sacrificed if it be not provided with the necessary organisation and equipments which are essential for success in modern war."

His Honour THE LIEUTENANT-GOVERNOR said:—"My Lord, I shall not detain the Council many minutes. I desire, in a word, to congratulate Your Excellency's Government on the Budget and my Hon'ble friend Mr. Baker on the manner in which it has been presented and the manner in which it has been received. It is not necessary for me to say anything in regard to the discussion that has taken place, except perhaps in regard to a remark or two which have fallen from my Hon'ble friend the Maharaja of Darbhanga. One matter which he discussed has been disposed of by my Hon'ble friend Sir Denzil Ibbetson, namely, the question of the waterways of Bengal. The other was the popular view—which I observe the Maharaja Bahadur did not venture himself to accept—of the connection between the development of railways and the development of malaria. I think he will find, when we come to discuss that question in another place, that the coincidence to which that view of the connection between railways and malaria owes its origin has not escaped the attention of the Government of Bengal, and I trust he will consider that we are dealing as adequately as we can with it.

"Only one word remains, namely, that I desire to express the gratitude of the Government of Bengal for the terms of our new contract. I shall not enter into details. They have been thoroughly threshed out between the Government of Bengal and the Government of India, and I am glad to find that my Hon'ble friend the Maharaja of Darbhanga has only a half-hearted wish to express that perhaps we might have got more. I need not say that I thoroughly re-echo that wish. We feel very much our want of money. It is a terrible thing to be surrounded by open mouths and claimant demands, and we have far too often to meet such requests for substantial help with the cold water of sympathetic words. At the same time we have received from the Government of India very generous treatment, and have now, I trust, some money with which to do some work, and we are not ungrateful to them."

The Hon'ble MR. BAKER said:—"My Lord, I think Your Excellency's Government has reason to be satisfied with the reception which the Budget has met with at the hands of Council. From the observations which have fallen from various speakers today, I gather that our specific proposals have met with general approval, especially those for the remission of the patwari cesses: but some disappointment seems to be felt that we have not made larger provision for expenditure on a variety of new objects. My Lord, I venture to think that that disappointment, if it is really felt, is not altogether reasonable. As Lord Curzon once said, we have been forcing the pace a good deal during the last few years, and we are already committed to very heavy recurring expenditure on police reform, the improvement of agriculture, primary education, and many other things. I am far from taking a pessimistic view of the situation, but having regard to the present unfavourable character of the seasons in several of the provinces, I really think it would have been rash for us to launch out upon any great new schemes at the present time. And there is another consideration of a more general character, which, I think, some gentlemen are apt to lose sight of, but which is really of great importance. The Hon'ble Home Member has already drawn attention to it in his speech today. It is this. Almost all the matters for which we are invited to provide additional grants are within the sphere of the Provincial Governments. We have conferred

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upon these Governments definite powers and responsibilities which extend to most branches of the civil administration and we have provided them with growing revenues, on what may fairly be described as a very liberal scale, to enable them to discharge their duties adequately in all branches. The Local Governments have not merely ample funds, but also full discretion in the expenditure of them. It would be wholly inconsistent with the first principles of the system of Provincial Settlements, if we were to dictate to any Local Government what it should spend on each individual head; and it is also an entire mistake to suppose that the money for improvement in the Provincialized branches of the administration ought to be or can only be provided in normal circumstances by special additional assignments from Imperial revenues. If any particular measure is outside the terms of the settlement, or is of such magnitude as to be beyond the powers of the Local Governments, then Imperial revenues may fairly contribute, as they have done on several occasions in the past. Police reform is a conspicuous instance of this. If we were to embark on a policy of making primary education free of charge to the public, as Mr. Gokhale suggests, that also would justify some special assistance from Imperial funds. But most of the objects for which we are pressed to find money are not of this class. Thus, the Hon'ble Mr. Sri Ram complains of the inadequate provision for technical education and for sanitation, and the Hon'ble Mr. Porter asks us to give additional grants to the United Provinces for police buildings, for hostels in secondary schools, and for subventions to Local Municipalities. He says that the United Provinces ask for no doles, but with all due deference it seems to me that is exactly what the Hon'ble Member does ask for. These are all ordinary items of Provincial expenditure, for which due allowance was made, though in general terms and not specifically, in the Provincial Settlement; and it is for the Local Government to provide the necessary funds. Any other course would make these particular items an Imperial charge, and would be destructive of Provincial responsibility.

"But I will admit that I have much sympathy with the Government of the United Provinces. The Hon'ble Mr. Sri Ram's detailed comparison of the Provincial Settlement with those of other provinces is inaccurate in certain respects; but it is quite true that, as a whole, though much more favourable than its predecessors, it is still distinctly less favourable than that of any other Local Government, conspicuously so as compared with those of Bombay, the Punjab, or the Central Provinces. Again it is undeniably true that the United Provinces have been very hard hit by the failure of the harvests and by the heavy expenditure they have had to incur on famine relief, by which its estimated balance at the end of 1906 will have been reduced to $5\frac{1}{2}$ lakhs of rupees. If we are able to devise a more equitable method of allocating famine expenditure, I hope that we shall be able to apply it in such a way as to make up a part of the losses which the Local Government has already incurred. As regards the terms of the settlement, it is perhaps too soon to revise it altogether, but I shall be ready to bear the matter in mind when a suitable opportunity occurs. The same remarks apply in the case of the settlement with Madras to which Mr. Sim has referred, and the terms of which are generally similar to those of the United Provinces settlement.

"Next year, we shall undertake the revision of the Provincial Settlement of Burma, and I think I may promise that we shall bear in mind the appeal which Mr. Hall has made to us on behalf of this Province. I quite agree with him that liberal expenditure in Burma is likely to prove productive, and it shall be our object to accord it both just and generous treatment.

"Both the Nawab Bahadur of Dacca and the Maharaja of Darbhanga have commented on the small share which Bengal has received in the remission of taxation. The explanation of this may be summed up in the three words—'the permanent settlement.' In Bengal the land already pays far less in proportion than in any other part of India; and so far as strict justice is concerned, it has no claim even to the 4 lakhs a year which has fallen to its share. The justification for the remission of the zamindari dāk cess lies wholly in the

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fact that the district post is an administrative anachronism, and it could not be defended by any references to the equity of relieving the landed interest of that province.

"The Nawab Bahadur has expressed the hope that the balance may be redressed by a readjustment of the road cess in Bengal. I hope my Hon'ble friend does not ask for a reduction of the road cess—of which I can hold out no expectation. But it is true that in my judgment Bengal has a real grievance in regard to its local taxation. In Bengal, as in Madras and Bombay and most other provinces, the land pays one anna in the rupee of its annual value under the head of Provincial rates. But whereas in other provinces the whole of this cess belongs to the Local Boards for local purposes, in Bengal one-half of it has from the first been appropriated as an asset of general revenues. I am well aware of the historical reasons for this appropriation, and they have always appealed to me as being singularly devoid of force. I shall be very happy if within my term of office it should be in my power to redress this injustice to the province to which I have the honour to belong.

"The Hon'ble Mr. Logan has pointed out how seriously the finances of some of the Local Governments, and Bombay in particular, are affected by expenditure on famine relief, and he has urged that all such charges should be borne by Imperial Revenues instead of by the Provincial Governments. Mr. Sim has raised the same point in regard to the province which he represents. Mr. Logan is under a misapprehension in thinking that the grants in the present budget for relief works and remission of land revenue are Imperial grants. They are, of course, Provincial, in accordance with the terms of the Provincial Settlement. It is, however, unnecessary to dwell on this point.

"I do not regard the difficulties which undoubtedly attach to the present system in quite the same light as the Hon'ble Member, and I could not assent to the solution he has suggested. The management and conduct of 'wars, expeditions, and political missions' rest with the Imperial Government, and it is therefore right that the latter should pay for them. But the actual administration of famine relief must necessarily rest with the Local Government, and famine is the last matter in which financial responsibility should be divorced from administrative control. Even as it is, it is difficult enough to hold the scales evenly between the claims of economy on the one hand, and those of humane treatment of suffering people on the other. If there were a big famine in any province, and the Local Government were at liberty to pass on the entire bill to us, I shudder to think of the consequences to the finances of the Government of India.

"But having said this much, I will frankly admit that in my judgment the present system is really open to serious objection. No allowance is made for famine in the Provincial Settlements, and the established principle is that the entire resources of a Local Government must be exhausted before any assistance can be claimed from Imperial Revenues. The result is that the system is unfair as between one province and another. A province which is liable to relatively frequent famines, such as the United Provinces, Bombay, or the Central Provinces, is worse off than one which is comparatively immune, such as Burma or Eastern Bengal. Moreover, a province which is afflicted by famine shortly after it has obtained a *quasi*-permanent settlement, as has been the case with Bombay and the United Provinces, loses the advantage, to a greater or less extent, of the initial lump grants which were intended to give it a good start on its new career, for these are absorbed in meeting famine charges, instead of being available for Public Works, or improvements in the Civil Administration. The consequences are more serious under the present system of *quasi*-permanent settlements than they were formerly, for the quinquennial revision of the settlements no longer affords an opportunity of setting a crippled province on its legs again. Lastly, in the case of a small famine, one effect is actually to improve the financial position of the Imperial Government at the cost of the provinces: for expenditure is transferred from 'Reduction and Avoidance of Debt,' which is an Imperial head, to 'Famine Relief,' which is Provincial. This has actually occurred on the present occasion, and it is an undoubted anomaly.

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"The question is one of considerable difficulty, and various remedies have suggested themselves. I admit that a material change is required, and it is our intention, as soon as we get to Simla, to examine the matter thoroughly and endeavour to devise a sound solution. It will probably be necessary to consult the Local Governments, and the sanction of the Secretary of State will certainly be required if any radical alteration of principle is made. For the present, I will merely say that we are fully alive to the objections to the present system, and that it shall receive our prompt and careful attention.

"The Hon'ble Mr. Apcar has urged us to 'think imperially' in fixing the amount of our contribution towards the cost of the improvement of Calcutta. I can assure him that the Government of India are now and have always been ready to take a generous view of the claims of the capital to assistance from the State in carrying out this long delayed and greatly needed measure. The amount of our contribution was fixed at 50 lakhs in consultation with and with the sanction of the Secretary of State, and it is not open to me to undertake to increase it. But if sufficient grounds can be shown for reconsidering the amount, we shall no doubt be ready to do so. On the other hand, it is only just that those who benefit most by the scheme should bear the brunt of the burden. Some of the comments which I have seen in the Press on this subject might lead one to fear that this principle is not always borne sufficiently in mind.

"I regret that I cannot assent to the Hon'ble Mr. Apcar's suggestion that the continuance of the income tax is suspiciously like a breach of faith. This suggestion has been made before, in the Press and elsewhere; but, so far as I know, it has never been supported by any evidence whatsoever, and I can assure the Hon'ble Member that as a matter of plain historical fact it rests on no foundation. When the tax was imposed in 1886, Raja Piari Mohan Mukherji moved an amendment to limit the duration of it to one year. With reference to this, the Hon'ble Mr. Steel, representing the Bengal Chamber of Commerce, said that—

'The payers of income tax will now fairly claim that under the present Bill they will contribute at least their full share: and when any remission of taxation is possible, they will expect that their case shall be considered on its merits along with all other claims for relief which may be put forward.'

"Referring to these remarks of Mr. Steel, Sir Auckland Colvin, in opposing the amendment, said—

'With regard to the duration of the tax, the Hon'ble Mr. Steel has put the case in an extremely fair way, *viz.*, that if the Government finds itself in a position to make remissions of revenue hereafter, the question of the income tax should be put on the same footing and receive the same consideration as any other question of remission of revenue.'

"Again in 1890, in replying to a representation from the Bengal Chamber of Commerce, the Government of India wrote as follows:—

'It is unnecessary to remind the Chamber that no tax can be considered to be final either as regards form or rate, but I am to say that the Government of India has never given any sanction to the belief that the present income tax would be abolished or reduced in preference to any other tax which is now levied or which was levied in 1886.'

"Since the tax was imposed in 1886, the Government has never given any sort of pledge or promise, direct or indirect, to repeal the tax or treat it in any way differently from any other tax. Only two years ago, Sir Edward Law in this Council emphatically affirmed the absolute freedom which Government claimed to itself in this respect, and I can do no more than repeat what he then said. I can hold out no sort of expectation that the tax will be either repealed or reduced. It is almost the only contribution of importance which is made to the public revenues by the monied classes in this country whose incomes are derived from trade or other non-agricultural sources. These classes are universally admitted to derive great benefits from British rule; and in my judgment, they at present contribute not too much, but too little.

"Nor am I disposed to think that the limit of exemption should be raised. It seems to me that a man in this country with an income of ~~Rs~~ [£]1,000 a year is better off and ranks higher in the social scale, than a person at

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home with an income of £160 a year. The latter figure represents only about four and-a-half times the average income of a resident of the United Kingdom, whereas R1,000 represents no less than thirty times the average income of a resident of India. As regards the suggestion for a rebate on, or deduction from, incomes below a certain amount, it is perhaps possible that a case might be made out, but *primâ facie* it does not seem to be a matter of great or general importance.

"With reference to the point raised by the Hon'ble Mr. Sri Ram, I will have it enquired into; but *primâ facie* I am not sure that the rate of increase in the yield of the tax has been in any way abnormal.

"The Hon'ble Mr. Gokhale has raised a number of more or less important questions, with which it would be quite impossible to deal adequately in the time at my disposal.

"In the first place, he has suggested that in our accounts the receipts from Railways and from Productive Irrigation Works should be shown *net*, instead of showing the gross receipts on one side and the various charges on the other. This suggestion has been before Government more than once. Personally, I think that there is a great deal to be said in favour of it, but the view that has hitherto prevailed is that it would be misleading to omit from our main accounts items aggregating 25 millions sterling; nor would such a change be justifiable in accounts which profess to state the total revenue and the total expenditure chargeable thereon. A further practical difficulty has arisen in connection with the allocation of the figures between England and India, as it would apparently be necessary to exhibit very large *minus* figures, which would not be readily intelligible. I will have the matter further enquired into, but no change of this description can be introduced without the sanction of the Secretary of State, and I can therefore give no undertaking in the matter one way or the other.

"The Hon'ble Member has also suggested that the figures which relate to 'local' revenue and expenditure should be excluded from our main accounts, which should be confined to those relating to Imperial and Provincial Finance. It so happens that a very similar proposal has been under our consideration during the past year, and I am myself of opinion that the balance of advantage is in favour of making the change, provided that steps are taken to exhibit the aggregate local transactions in a convenient and accessible form. Here also no change can be made without the approval of the Home authorities whose decision cannot be anticipated.

"Then the Hon'ble Member has put in a plea on behalf of the District Boards in Bombay. The principal source of income of these Boards is the local cess on land, which is a function of the land revenue: and when for any reason, such as famine, the land revenue is suspended or remitted, the Boards lose a large part of their revenue. In the Punjab, he says that in such circumstances the Local Government make up to the Boards the amount of the cesses which is lost.

"Mr. Gokhale was good enough to mention this matter to me a few days ago, and I have made such enquiries as were possible in the interval. I am informed, however, that the Hon'ble Member's information in regard to the practice in the Punjab is not correct. In that province the District Boards have to stand the loss when cesses are remitted, and the amount is not made up to them by the Local Government. If that is the case it cuts away the ground from under the Hon'ble Member's feet. We could not reasonably make a special rule for Bombay more favourable than that which obtains elsewhere. Apart from that, moreover, I do not think that the present practice is inequitable in itself. The fact that Bombay has not shared in the present remission of taxation is easily explained. Bombay has never—at least for so long as I am aware—had to pay the village officer's cess or the famine cess. It has all along enjoyed the very exemptions which we are only now extending to other parts of India. So far from Bombay having a grievance, it is rather the other provinces that have cause to complain that they have been left behind Bombay for so long.

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" Then, again, Mr. Gokhale has taken exception to the practice by which District Boards are required, in times of famine, to devote a great part of their resources to expenditure on relief works. I find that there are very numerous orders on this subject, some of them dating many years back; and it is not possible for me without much more time for consideration to make any complete or authoritative pronouncement on the subject. One order which I have found is to the effect that all municipal, local and district resources must be first exhausted before any call is made on Provincial or Imperial funds. I have no hesitation in saying that if that principle is to be interpreted literally, I entirely dissent from it. I doubt whether it has ever been really acted upon, and it is certainly not in accord with the policy which has governed the action of the Government of India in these matters for years past. Speaking with all due reserve, I think the utmost we can rightly require of a District Board in time of scarcity is that it shall economise in its ordinary expenditure in all reasonable ways; that it shall set apart as much of its funds as possible for expenditure on works; and that it shall adapt its programme of works as far as it can to subserve the purposes of famine relief. Beyond that I do not think any local body should be required to go. But I do not think we should go still further and relieve District Boards of all responsibility whatever in regard to famine. Apart altogether from legal obligations, the broad fact remains that District Boards form an integral part of the administrative machine, discharging functions in their own sphere which are comparable with those of Provincial Governments and the Government of India in their larger fields of duty. All three parts of the governmental machine should share the common responsibility, and should co-operate with each other in combating a famine not merely in the actual work, but also in the provision of funds, each in its own degree. In replying to Mr. Logan, I have already intimated that we are not satisfied that the Imperial Government at present bears its full share of the burden; but none of the three partners can fairly claim to be wholly exempted.

" Then the Hon'ble Member points out that the Gold Reserve Fund now exceeds the sum of 10 millions which was named by Lord Curzon two years ago as being sufficient for our purpose, and he asks me to say what we propose to do with the profits of coinage in future. I may remind the Hon'ble Member that last year Sir Edward Law expressed the opinion that we ought to have some 20 millions in the Gold Reserve Fund, and we are still a long way short of that figure. But personally I regard the matter in a somewhat different way. So long as India has a gold standard combined with a currency which consists mainly of rupees, I consider that we are bound to set apart the whole of the profit on additions to the coinage. Every penny of these profits is linked with an equivalent liability, which is none the less real because it may not have to be discharged for a long time to come. Sooner or later, gold will come into circulation in India, as it has done in nearly all countries in the world, and will tend to take the place of rupees. It may be many years before this comes about, and the process will probably be very gradual; but that it will come in the long run, I have no manner of doubt. When it does come, we shall have to reverse the process by which we have been adding to our silver currency in accordance with the requirements of trade; we shall have to dispose of the surplus stock of rupees, and replace them by gold. In this view, there can be no limit to the Gold Reserve Fund. Broadly speaking, every rupee that we coin from bullion may eventually have to be converted back into bullion, and the profit which we made from the first operation must be religiously reserved to meet the cost of the second. We must therefore resist all temptation to use these profits for ordinary current expenditure.

" But I agree that there is a limit beyond which it is not expedient in practice to store the accumulated profits in the form of ordinary sterling investments. My reason is that it will not be possible to throw more than a certain amount of such investments on to the market at once. If we hold more than can be readily liquidated, the investments will actually not be available when we require to draw upon them to meet the cost of conversion. We have certainly not reached such a limit yet, so that it is rather premature to discuss the

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question: but when it is reached, my view is that further accumulations should be applied to the reduction or avoidance of debt, preferably of sterling debt. The practical effect of employing them in this way would be that we should either expand our programme of productive railways and canals or that we should finance the latter with a smaller amount of borrowing.

"The question of military expenditure has been dealt with by His Excellency the Commander-in-Chief and all that I need say is that I resolutely adhere to the view which I expressed last year that it would not be sound or expedient to have recourse to borrowing for the purpose of carrying out the scheme of army reorganization unless we should find it impossible to finance it without undue difficulty out of revenue. Expenditure on public defence is not productive in the commercial sense, and is not a suitable object to be financed from borrowed funds. The only justification for such a course would be imperative and urgent necessity: and no such necessity has so far arisen.

"Mr. Gokhale returns to the charge once more in regard to the employment of our surpluses on the construction of productive public works, and urges the relative claims of sanitation, the provision of school houses, and mass education. Is not the Hon'ble Member rather forcing an open door? We are all entirely agreed with him that we ought not to maintain taxation on a higher level than we should otherwise require, merely in order that the revenue so collected may be spent on constructing railways. That would undoubtedly be wasteful, and unfair to the present generation of tax-payers. But when a surplus has actually accrued from any cause, such as a fortunate windfall, or from our revenues exceeding our expectations, or in any other way, then I remain of the opinion that we can ordinarily find no more beneficial way of utilizing the money than by investing it in productive works, whether Railways or Canals.

"I readily admit that there is nothing wrong in principle in using such money for other non-recurring expenditure, and as a fact we have often done so. Instances of recent date which occur to me are the 50 lakhs assigned for the improvement of Calcutta, the 20 lakhs for the extension of Simla, the various initial grants given from time to time to Local Governments in connection with their new Provincial settlements: and the 22 lakhs given two years ago by Lord Curzon's Government for what were called secondary requirements, such as museums, public parks and gardens, the Calcutta Zoo and the like.

"But the objection is that this practice does not make for economy. Once we begin to allot sums of money for expenditure on particular objects, not with any ordered design or because the latter are deliberately held to be necessary, but merely because money happens to be available at the moment, we set foot on an inclined plane which leads to the deepest morass of extravagance. Occasions may arise when such a course may be legitimate or expedient, but all such proposals must be most jealously scrutinized and kept under the closest restrictions. The Hon'ble Member expressly intimated that the objects on which the money should be spent must be non-recurring. Surely it was by an oversight that he included among them such essentially recurring charges as mass education and sanitary improvement!

"Most of the items included in Mr. Gokhale's somewhat overwhelming programme of economic and administrative reform do not fall within my province to deal with. But I must offer a few observations on his suggestions for financing his schemes. He suggests (1) that the funds set free by suspending Army re-organization or by carrying it out from borrowed money should be applied to the extension of Primary education; (2) that the profits on coinage should be reserved for the relief of rural indebtedness; (3) that the famine grant should be spent on industrial and technical education; (4) that co-operative credit societies should be allowed to make use of the deposits in the Post Office Savings Banks; and (5) that whatever surpluses accrue should be devoted to assisting Local Bodies in the construction of works of sanitary improvement.

"Now I have the keenest sympathy with every one of the objects on which the Hon'ble Member desires to see public money expended. In

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particular, I am greatly interested in his proposal for making primary education free, with the intention of ultimately making it compulsory. I hope and believe that some great scheme of this nature will eventually be carried into execution, though I am wholly unconvinced by the Hon'ble Member's figures that the cost of it will be anywhere in the neighbourhood of 30 lakhs of rupees. In the United Kingdom in 1904 over 13 millions sterling were spent on primary education from Parliamentary grants. We may make any allowances the Hon'ble Member likes to ask for an account of the different conditions of the two countries; but when every possible deduction has been made, is it conceivable that we can hope to give free primary education to a population six times as numerous, for $\frac{1}{20}$ th part of the cost? If we get off with $1\frac{1}{2}$ crores a year I shall be surprised: though I believe it would be money well spent.

"But the suggestions for financing the various projects are calculated to alienate my sympathies, and I cannot help thinking that if the Hon'ble Member had had more time for consideration, he would have omitted or modified them. The extension of primary education, and the making of it free, are objects worthy of a foremost place in our policy; but the funds ought emphatically not to be found by casting on to a future generation the present cost of national defence. The relief of rural indebtedness is a matter deserving of serious consideration: but, as I have already shown, the profits on coinage are not available for any such purpose. They must be reserved to meet the corresponding liability which attaches to them, and which will assuredly have to be discharged in the long run. So as regards the Famine Insurance Grant, we have often been told that it was an immoral act to absorb this grant in former years to defray the cost of the Afghan War. I express no opinion as to that; but I do affirm that it would be no less immoral to divert it for expenditure on technical or industrial education, with which it has nothing whatever to do. I will not go through the rest of the list. I will merely assure the Hon'ble Member that while we welcome his co-operation and advice, and while I for one shall be ready to do everything in my power to further the causes which he and the Government alike have at heart, it is not by devices such as these that a solution is to be found.

"Turning from these matters, I think it may be of some interest if I lay before the Council a brief retrospect of the changes that have been effected in our fiscal system during the last 24 years, by the reduction, modification or abolition of old taxes, and the imposition of new ones. I propose to take as my starting point the year 1882-83, for the reason that that was the year in which the Government of Lord Ripon carried into effect certain important measures of fiscal reform to which reference is often made in this connection. Such a review as I contemplate may, I think, enable the observer not merely to take a bird's eye view of the course of Indian taxation in the past, but also to form a fairly correct estimate of the net improvement—for there has been an improvement—that has been effected in our fiscal system up to the present time. I shall make it as brief and free from technicality as possible, avoiding all details of little general interest, and though I shall present a few figures, they shall be very few, partly to avoid wearying the Council, and also because the actual yield of taxation is obviously affected by other causes than abolition or imposition.

"Viewed from the standpoint which I have indicated, the period from 1882-83 to the present time divides itself naturally into four groups of years, each of which presents strongly marked fiscal characteristics of its own.

"The first group extends from 1882-83 to 1885-86. By the time this period began the country had recovered from the effects of the famine of 1876-78, and from the financial burden imposed by the Afghan War, while the fall in sterling exchange, though beginning to be felt, was not yet acute. It was characterized by three important measures in relief of taxation. These were:—

firstly, the abolition of the import duties on cotton goods, and of the general import duties, or so much of them as still survived. The cost of this measure in the first year of its introduction was 106½ lakhs;

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secondly, the reduction of the salt duty from Rs 2-8-0 per maund (or Rs 2-14-0 in Bengal and Assam) to Rs 2. The cost of this, also in the first year of the change, was 119 $\frac{3}{4}$ lakhs; and

thirdly, the abolition of the patwari cess in the United Provinces, at a cost of 24 lakhs. The aggregate cost of these three measures was rather over 230 lakhs of rupees per annum.

"The second group of years extends from 1886-87 to 1895-96. Its leading features were the increase of expenditure forced upon us by the approach of Russia towards our frontiers, and the annexation of Upper Burma; and the unprecedented depression of sterling exchange which severely augmented the burden of the home charges. These causes led to the rescission, one after the other, of the three measures of relief which had been carried out during the previous period, and to the imposition of three new taxes in addition. The measures actually adopted were as follows:—

Firstly, in 1886, the income-tax was substituted for the former license-tax: the gain in the first year of the change being 86 $\frac{3}{4}$ lakhs.

Secondly, in 1888, the salt duty was raised again to Rs 2-8-0 per maund, the increased yield being 101 $\frac{3}{4}$ lakhs in the first year, with a further advance of 51 lakhs the year after.

Thirdly, in the same year, an import duty of half an anna per gallon was imposed on petroleum, yielding 11 $\frac{3}{4}$ lakhs. This rate of duty was doubled in 1894, the increased yield being 5 $\frac{1}{2}$ lakhs.

Fourthly, in 1889, the patwari cess in the United Provinces was re-imposed, yielding 22 $\frac{3}{4}$ lakhs.

Fifthly, between 1894 and 1896, the general import duties were re-imposed on a 5 per cent basis. There were some intermediate alterations in regard to cotton piece goods and yarns, on which it is unnecessary to dwell; but the ultimate result was that, as an exception to the general rule, piece goods were taxed at 3 $\frac{1}{2}$ per cent instead of at 5 per cent, while yarns were free. An excise duty of corresponding amount was simultaneously imposed on piece goods woven in Indian mills. The increase of revenue from the general import duties and from cotton piece goods including the excise duty was 154 lakhs and 103 lakhs respectively.

"The aggregate increase of taxation imposed during these ten years may be taken at about 536 lakhs of rupees per annum.

"I now come to the third group of years, which extends from 1897-98 to 1902-03. This was a period of stationary taxation, the gain due to the gradual establishment of a stable exchange being counterbalanced by two great famines, and the cost of military operations on the North-West Frontier. The only fiscal measure carried out during this period was the remission of the pandhri tax in the Central Provinces, but this had brought in only the trifling sum of Rs 70,000 a year. During this period, there were large remissions of land revenue; and a good deal was done in the direction of improving the financial position of Local Governments; but these are not measures of the class now under consideration.

"The countervailing sugar duties of 1899 and 1902 belong to this group of years; but as these were not imposed for revenue purposes, and were very soon abolished, I do not refer to them further.

"The fourth and last group consists of the period from 1903-04 to the present time. Speaking broadly, this has been a time of plentiful harvests, steady exchange, expanding trade, of growing general prosperity, and of external peace.

"The expansion of the revenues has been such that we have been enabled not only to embark on many large schemes of administrative reform, but also to

[Mr. Baker.]

undertake the reduction of taxation on a scale surpassing that of twenty years previously—

In the *first* place the salt tax was reduced in 1903 to R2, and again in 1905 to R1-8-0, a maund, at a cost of 141 and 164 lakhs a year respectively ;

secondly, incomes between R500 and R1,000 per annum were exempted from income-tax with effect from 1903-04, at a cost of over 29 lakhs a year ;

thirdly, the famine cesses in Northern India were abolished last year at a cost of 22½ lakhs a year ; and

fourthly, we have decided, with effect from the ensuing year, to abolish local taxation on the land to the amount of more than 82 lakhs per annum.

“The sum of these five measures which have been carried out within the space of three years, reaches the respectable total of 43½ lakhs a year. This no doubt falls short of the aggregate new taxation imposed or re-imposed during the second group of years by about a crore of rupees ; but with regard to this it may fairly be observed, (1) that it represents the progress achieved in a relatively short space of time ; (2) that the remissions might easily have been greatly enhanced had not Government decided with, I believe, very general public approval, to apply a large part of its surplus resources to useful and productive expenditure on police, education, agriculture, and public works, to increasing the resources of the Provincial Governments, to improving the efficiency of the army, and to strengthening the finances of District Boards ; and (3) that we are not necessarily at the end of our programme, and if our revenues continue to expand as they have latterly done, it may hereafter be within our power to take further steps for the relief of the tax-payer.

“A merely statistical comparison, however, is of little value. A more fruitful and instructive method is to compare the fiscal position as it stands now with that which obtained in 1882-83, the year which I took as the starting point of my review. Proceeding in this way, I think that the results so far obtained may fairly be summarised as follows :—

Firstly, we have reduced the salt tax from R2-8-0 or R2-14-0 per maund to R1-8-0 throughout India, except Burma, where it is R1. I do not wish to dwell on the effect of this measure in cheapening the cost of a necessary of life, because I have never believed that the tax pressed with undue severity even on the poor. But the importance of the reduction in creating a fiscal reserve is obvious and immense. If we allow for increase in consumption, not less than 3½ crores of rupees per annum could be obtained from this source by a stroke of the pen if necessity should arise, and this sum may be relied on to expand with the progressive increase of the population.

Secondly, we have broadened the basis of taxation by re-establishing the general customs duties on imports by sea. I freely admit that, in view of the chaotic condition to which the import tariff had been reduced in the late seventies, the Government of Lord Ripon had probably little option but to sweep the whole mass of anomalies away. But in my judgment, in the conditions prevailing in India, there are few more appropriate and less onerous forms of taxation than a light duty on imports from over sea. Our duties are pitched on so moderate a scale that, to the best of my belief, there is not a consumer who feels them, and not an indigenous industry which is injured by them. The revenue they yield, unfelt and unresented, has placed it in our power to effect the successive reductions of direct taxation to which I have already alluded ; and although it fell to the lot of Sir Evelyn Baring in 1882 to abolish them in this country, it is significant to observe

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that Egypt, which has benefited so greatly from the wise and vigorous guidance of Lord Cromer for more than twenty years, now derives one-tenth of her entire gross revenue from this source, a proportion not far short of double that which obtains in India today.

Thirdly, we have effected a valuable reform in our system of direct taxation by substituting the income-tax for the old license-tax. It is unnecessary on the present occasion to enter upon the well-worn theme of the unpopularity of these taxes. Whatever views may be entertained on that point, all reasonable persons will agree that the income-tax is greatly superior to that which it superseded. The license-tax exempted the whole official and professional classes, and fell almost exclusively upon trade. Its incidence and the range of incomes included within its net varied widely in different Provinces: and in some places it extended to incomes so low as Rs 200 a year. From all these defects, the present tax is free: and the raising of the limit of exemption to Rs 1,000 releasing over 60 per cent of the assesses, has removed the chief remaining element that was vulnerable to criticism.

Fourthly, a high place in our list of results should be assigned to the reform and reduction of local taxation. It is not merely that we have relieved the landed interest and the agricultural tax-payer from a variety of supplements to his regular assessment, always irritating and often considerable in amount. That alone would have been an advance of no small value. But I attach much greater importance to the fact that we have for the greater part got rid, I trust for ever, of the practice of making appropriations from the proceeds of local taxation for the benefit of Provincial or Imperial revenues, and have gone a very long way towards establishing the principle that no local taxation shall be levied save that which is devoted exclusively to local, as distinguished from general, purposes, and, so far as possible, is administered by local bodies.

Lastly, there is one more feature in regard to which the fiscal system, as it now stands, is conspicuously stronger than in 1882-83, and it is worth while to refer to it, though it is not directly concerned with questions of taxation. I allude to the greatly diminished reliance which is now placed on the revenue from opium, as compared with twenty years ago. In 1882-83, the net receipts from opium were 721 lakhs of rupees, and formed 14·1 per cent of the total receipts classed as Principal Heads of Revenue. In 1905-06, they amounted only to 546 lakhs, or to 7·8 per cent of the aggregate of the Principal Heads of Revenue. When it is remembered how uncertain the opium revenue is, and how liable to violent fluctuations from causes over which we can exercise no control, the dwindling away of its relative importance in our fiscal system must be regarded as a matter for lively satisfaction.

“In the foregoing summary, I have made no allusion to the numerous changes introduced from time to time in the stamp and excise duties; I have not referred to the greater leniency of our assessment of the land revenue, or to the smaller proportion which it now bears to the sum total of our resources; nor would it have been relevant to refer to the signal change that has come over the position in regard to the net yield of our railways, our canals, and, to a lesser extent, the postal and telegraph services. Putting all these on one side, I venture to think that the results which I have now laid before the Council constitute an advance of which the Government of India have no cause to feel ashamed. Opinions may differ as to whether our predecessors and ourselves have accomplished as much as we might with the means at our disposal. I for one shall not quarrel with our critics if they urge us on to further developments on similar lines. There is no such thing as finality in finance. Though not a little has been done, it would be easy to compile a lengthy list of further

[*Mr. Baker ; the President.*]

reforms which still await the hour and the means. I shall resist the temptation to essay that fascinating but dangerous and not very profitable task ; and I shall be content to assure the Council that it will be our aim to persevere steadfastly with the task that lies before us, to remove every avoidable impediment to the development of trade, to improve communications, to facilitate the free movement of labour, to stimulate all indigenous industries, to encourage the profitable employment of capital, Indian capital first, and foreign capital afterwards, and while providing as generously as we can for the administrative needs of the country, in education, agriculture, public health, and public safety, to take as our watchword, first, and last, and all the time, Lord Cromer's well-known dictum, to keep taxation low."

His Excellency THE PRESIDENT said :—" I must in the first place congratulate my friend the Hon'ble Mr. Baker for the very lucid statement he has placed before us—a statement which I think we may all agree in accepting as distinctly satisfactory—all the more so that we are fairly entitled to recognise that the expenditure proposed for 1906-1907 represents no spasmodic effort on the part of the Government of India but that it is the continuation of a well-considered policy which the growing revenues of the country has enabled the Hon'ble Member to carry out. We appear to have no reason to imagine that we are under the influence of that intoxication known as a 'boom' in the New World, followed too often by the depressing effects of financial dissipation. The speeches which we have heard from Hon'ble Members today all hold out hopes of a solid and assured financial future, the chief problem of which will, I hope, be not as to how and when we are to secure our revenue, but as to how and when we can best spend it.

" I am very far from saying that we are free from trouble. We have famine and sickness with us still ; a partial failure of the monsoon and a further delay in the winter rainfall have told the inevitable tale in parts of Northern and Central India ; but still there has been no such misery as that of 1899 and 1900, and we may fairly hope that the money spent on irrigation in recent years and on the development of famine relief organisation may surely and steadily reduce our famine areas ; whilst, as the Hon'ble Sir Denzil Ibbetson has told us, the Government of India owe a debt of gratitude to the noble liberality with which the Chiefs have realised their obligations in their own afflicted territories. The plague, however, stares us gruesomely in the face and is ever reminding us of the efforts we are urgently called upon to make for the sanitary welfare of the people.

• " Yet on every side there is indication of progress and of development, of which there is no better evidence than the increase in railway earnings, and the number of railways under construction, and with certain exceptions there is a general increase of revenue.

" The net result is a surplus of 253 lakhs of rupees, 122 lakhs of which we propose to devote to the remission of taxation, the relief of local bodies and the assistance of administrative improvement. In a country of great undeveloped resources it must often be a question whether a revenue surplus should be in the main devoted to the further development of the country or to the reduction of taxation of its population. For my own part I believe that the future prosperity of India depends so largely upon the welfare of its agricultural population that relief in the direction we propose will have a widespreading effect and will as a consequence further that development in other directions which we are so anxious to encourage. Sir Denzil Ibbetson has given us an insight into the valuable work of the Department he so ably administers, and if, after so short a residence in India, I may venture to give an opinion, I cannot say how fully I agree with him as to what I take to be his views in respect to agricultural indebtedness and agricultural expansion. We all know the cruel burden the former entails on the agricultural population ; but I doubt the possibility of the Government of India ever being able to pay off this debt,•

[*The President.*]

and, like the Hon'ble Member, I doubt the policy of their doing so if they could. I believe that co-operative societies, agricultural banks and carefully arranged systems of Government loans, coupled with the encouragement given to individual energy, will do much more to spoil the money-lenders' market and do it in a much more healthy way than any entire acceptance by Government of the debts of the agricultural community could ever do. Expert instruction in agriculture, will too, as years go on, undoubtedly conduce to the same success as has attended the scientific care which has done so much to realise for India the wealth of revenue contained in her magnificent forests.

"But though I am inclined to recognise agriculture as the staple industry of the country, I am far from losing sight of the great commercial development and the rapid expansion of trade, of which the Hon'ble Mr. Hewett has spoken. The records of the Department of Commerce and Industry tell us not only of over-sea trade, the improvement of our harbours, and the establishment of commercial relations with other countries, but also of the interior industrial development of India, much of which is only as yet beginning and the possibilities of which are so enormous; and nothing in the speech of the Hon'ble Member is to my mind more important than that sentence in which he conveyed the assurance that the Government of India earnestly desire to encourage local enterprise and that they mean to insist that in the case of articles required by Government which can be produced in this country at the same price and of the same quality as imported articles, the preference shall be given to local productions.

"I am in thorough sympathy with all the Hon'ble Rai Sri Ram Bahadur has said in this direction. His contribution to the debate on education generally has been most valuable, but in an industrial sense the attention he has drawn to technical education deserves our most careful consideration. Technical instruction in other countries is growing apace, though it is not so very long since the necessity for it was so generally admitted as it is now. Competition has forced it upon us. We must not lag behind. The wealth, the welfare, the strength of a country that would hold its own in the world must depend largely upon the employment of its manhood in the development of its own resources. But now-a-days, in these days of rapid and easy sea transport, and in the face of our system of open markets, the home producer and home manufacturer must be prepared to face foreign competition or to fail. I am afraid he cannot expect his fellow-countrymen for the sake of patriotism to buy his goods if they are inferior and more expensive than goods from other lands, and I say to the supporters of Swadeshi,—that much abused word—that if 'Swadeshi' means an earnest endeavour to develop home industries in an open market for the employment and for the supply of the people of India, no one will be more heartily with them than myself. But if by Swadeshi is meant an inability to recognise the signs of the times, a mistaken desire to maintain industrial systems long out of date, to create false markets by prohibiting the people of India from the purchase of better and cheaper goods, it will have no sympathy from me.

"The ancient hand-loom cannot compete with modern machinery. There are indigenous arts in India which I hope may be for ever preserved—the ingenuity, the characteristic skill of a people, should always be dear to them; but the success of modern industries and the preservation of indigenous industries is becoming every day more and more dependent upon scientific and technical knowledge, and if the resources of India are to be developed by the people of India, such development must depend largely upon local enterprise, upon the investment of Indian money and upon a recognition of the absolute necessity of expert training. There is no lack of opportunity for such native enterprise, which will well merit the assistance and encouragement the Hon'ble Rai Sri Ram Bahadur has so justly claimed for it.

"I have ventured to deal only very superficially with the chief points raised in this Debate and with which the Heads of Departments have so ably dealt—points which chiefly concern the resources of India, its revenue, and the welfare of its population. But there is, on the other hand, the heavy expenditure we have to face in many branches of the administration, and

[*The President.*]

chiefly in respect to the Army, to which the Hon'ble Mr. Gokhale has taken such strong exception. I have listened to all he has said with the respect due to one who very eloquently represents the advanced views of a section of the Indian people—views which, though we may perhaps often disagree with, are the result of a study of the Indian political life of today and of a patriotic desire to share in the administration of public affairs—views which I shall always be ready to listen to and discuss. Recent events may at first sight appear to justify much of what the Hon'ble Mr. Gokhale has said. Russia's reverses in the Far East and our alliance with Japan undoubtedly at the present moment minimise the dangers of our Indian frontier, but I am afraid I cannot follow the Hon'ble Mr. Gokhale in his conclusion that these dangers have disappeared for ever. He has told us that the tide of European aggression in China has been rolled back for good, that the power of Russia has been broken and that her prestige in Asia has gone. I am afraid these are mere assumptions which I can hardly accept. I am afraid I feel much more impelled to consider, what effect Russian reverses may have on the pride of a high-spirited military race, and I wonder in how long or in how short a time she may feel confident of recovering her lost prestige.

"Mr. Gokhale advises us to hang up our military reorganisation till a more disquieting situation arises; that is to say, wait till the moment of danger arises before we put our house in order—and to trust to a military scramble towards efficiency. I hope that the danger of such military scrambles has at last impressed their risks upon us.

"He has also referred to the position of the people of India in respect to the military services. The position is a difficult one, and in some points it is not satisfactory; but I do assert this, and I know my colleagues will agree with me, that the position is in no way due to a want of appreciation of the loyal services of the magnificent officers and soldiers of the Indian Army.

"His Excellency the Commander-in-Chief has so clearly placed before us the view he takes of military requirements and military reorganisation that I need say very little. He has devoted a brilliant ability to the task of placing the Army of India on a footing of sound efficiency—an efficiency which can guarantee security, whilst he has reminded us that in the midst of a rising prosperity and increasing cost of living we cannot ignore the daily comfort of the Indian troops who serve us.

"Military expenditure is necessarily heavy in respect to the up-keep of all great armies. The criticism of such expenditure is often short-sighted. The price paid for an army is the premium paid for the insurance of the country. The huge armies of modern nations are not due either to any tendency to over-insure or to the promptings of mere military ambition. They exist in the first place for the maintenance of peace, because nations know that on their armed strength depends their immunity from attack. No nation can hope to be great and prosperous without being strong amongst its fellows. Its wealth, the welfare of its people, its commerce, its investments, its interior development, depend upon its security from hostile pressure—a security guaranteed only by the efficiency of its military forces—by the power of the strong arm. As long as the whole world continues armed to the teeth we must be prepared to pay for the safety of our existence. I hope we shall never be deceived into a false security.

"It is pleasant to remember that their Royal Highnesses the Prince and Princess of Wales, though they deeply realised the wants of the loyal population who so enthusiastically received them, visited India when its future seemed full of promise. I trust that promise may be fulfilled and that ever-increasing revenues will help to solve the administrative problems which surround us, and will ensure the progress and happiness of the people."

The Council adjourned *sine die*.

J. M. MACPHERSON,
Secretary to the Government of India,
Legislative Department. •

CALCUTTA; }
The 30th March, 1906. }

EAST INDIA (FINANCIAL STATEMENT).

RETURN to an Address of the Honourable The House of Commons,
dated 7 May 1906 ;—for,

“ RETURN of the INDIAN FINANCIAL STATEMENT for 1906–7, and of the Proceedings
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India Office,
9 May 1906. }

ARTHUR GODLEY,
Under Secretary of State for India.

(*Sir Henry Fowler.*)

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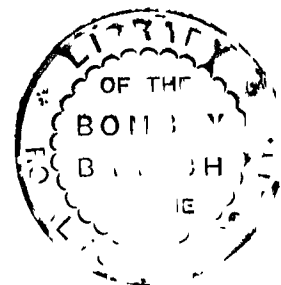
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Under Secretary of State for India.

(*Sir Henry Fowler.*)

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GOVERNMENT OF INDIA.
FINANCE DEPARTMENT.

FINANCIAL STATEMENT

FOR

1907-1908.



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FINANCIAL STATEMENT FOR 1907-1908.

PART I.

Introductory.

I beg to present the Financial Statement for 1907-1908, together with the usual figures relating to the accounts of 1905-1906, and the Revised Estimate of 1906-1907.

2. At the beginning of 1906-1907, agricultural prospects were distinctly unpromising in certain parts of the country, including the Deccan and Karnatak districts of Bombay, Bundelkhand in the United Provinces, and certain Native States in Rajputana and Central India, where a bad *rabi* crop had followed on a poor *kharif*. When the year opened there were 310,000 persons on relief in British territory and 173,000 in Native States. Fortunately the monsoon rains set in at a normal date, and were well distributed, with the result that from July the numbers on relief works rapidly dwindled, and by October it was found possible to close all relief works in the affected areas mentioned above.

3. The general character of the monsoon was very favourable over almost the whole of India, and nowhere more so than in the Bombay Presidency. The winter harvest has been excellent nearly everywhere, and the *rabi* crop which will shortly be reaped promises to be a distinctly good one. Cotton, which is one of the most valuable staples of the country, seems likely to give a record outturn. The latest estimates indicate that the area under this crop is more than a million acres in excess of that of last year, while the estimated yield of 4,908,000 bales exceeds that of any previous year by over a million bales. The area under sugarcane has increased by 11 per cent, and the estimated outturn by more than 29 per cent. Jute also, which is to Bengal what cotton is to Bombay and the Peninsula, has grown in area by 200,000 acres, and in outturn by 600,000 bales, as compared with the previous year. The Director-General of Commercial Intelligence estimates that the cultivators of the jute-growing districts have received the enormous sum of 40 crores of rupees in payment of their crop during the past season.

4. The only blot on the general prosperity of the year occurred in a few of the eastern districts, where the monsoon rice crops suffered from a deficiency in the earlier rains, and from floods later on. The damage due to these causes, combined with the abnormally high price of rice, rendered it necessary to afford some measure of relief, but the works were not freely resorted to, and the only district where any appreciable number of persons are still on relief is Darbhanga.

5. The effects of the favourable season are written large all over our revenue returns, and nowhere more conspicuously than in the all-important item of Land Revenue. This time last year we estimated that this head would yield 110½ lakhs, or £735,500, more than in 1905-1906, and I will admit that I adopted this high figure with some misgiving. The result has surpassed our expectations by the considerable sum of £135,300, notwithstanding the grant of suspensions and remissions wherever occasion demanded.

6. For the third year in succession, we are in the fortunate position of being able to announce a substantial remission of taxation. It has been decided to make a further reduction of the salt tax to R1 a maund throughout the whole of India. This measure will take effect from to-day, and we estimate that, after allowing for growth of consumption, it will involve a sacrifice of revenue to the extent of 190 lakhs of rupees in 1907-1908, besides a small sum of perhaps 8 lakhs during the few remaining days of the current year. The manner in which the consumption of salt has responded to each lowering of the duty is as remarkable as it is gratifying. The first reduction to R2 a maund was made, broadly speaking, with effect from 1903-1904, and the second, to R1-8 per maund from 1905-1906. Excluding Burma, which was not affected, the consumption increased by 9,68,000 maunds in 1903-1904, 15,97,000 maunds in 1904-1905, and 13,32,000 maunds in 1905-1906; and during the first eight months of 1906-1907 it exceeded that of the corresponding period of the previous year by 14,41,000 maunds.

This rate has not been maintained during the subsequent months, but there is reason to believe that this is mainly due to the dealers holding back in anticipation of a further lowering of the duty, and the comparative shortage will no doubt now be quickly made up. It is a source of satisfaction to us to be able to effect this important fiscal reform notwithstanding that allowance has to be made for the impending loss of a part of our Opium revenue. I am not yet in a position to make any definite announcement on this latter subject, but what it is at present possible to say will be found in a later section of the present Financial Statement.

Changes in the form of the Railway Accounts.

7. Before setting forth the figures, I desire to draw attention to an important change which we have introduced this year in the manner of exhibiting the earnings and working expenses of our railways. In Appendix I the figures for the Budget Estimate of 1906-1907 have been altered in the following manner :—

	In last year's Financial Statement.	In the present Financial Statement.
	£	£
• Revenue	86,495,100	73,711,100
Expenditure	85,621,000	72,837,000
• Surplus .	874,100	874,100

A similar reduction will be observed in all the other corresponding totals which are dealt with in the Financial Statement and Appendices A, B, C and E. The explanation is to be found in the Railway section of the accounts. Hitherto we have shown the gross traffic receipts from State Railways on one side of the account, and the working expenses on the other: this year, for the first time, we show the revenue net. The interest on Railway debt continues to be entered as expenditure; but the working expenses are brought over to the Revenue side of the account and deducted from the gross traffic receipts; the result for next year being a reduction of the totals on both sides by more than 13½ millions. The nature of the change is brought out very clearly in Appendix A, under head XXVI where we first have a line of figures showing the gross receipts, and then immediately under it another line showing working expenses: the latter are deducted from the former, and then we have a third line which represents the net earnings. The arrangement by which all the figures used to be shown in gross was open to many objections; it unduly inflated the accounts, it suggested misleading comparisons, and it conveyed a wholly erroneous impression of the cost of the administration and the burden of taxation. As I explained in replying to the Hon'ble Mr. Gokhale, when he raised this question last year, it would not be justifiable to exclude altogether from our accounts the enormous sums of actual receipts and expenditure which would disappear if we exhibited merely our net profits from Railways and Irrigation. The arrangement now introduced, however, with the Secretary of State's approval, shows both the gross receipts and the *per contra* charges, but it enables us in the summation of our revenue figures to bring the net earnings alone into the account. We have left the Interest on Railway debt in its original place: to have brought it over to the Revenue side of the account as a deduction from the gross receipts would have necessitated a large minus entry in the column for revenue accruing in England. It is possible that some further changes may be made hereafter in the manner of exhibiting the Interest charges, but no decision has yet been arrived at on this point. We have not thought it essential to go so far as the Hon'ble Mr. Gokhale suggested, and to show the Irrigation revenue net. I quite admit that the same general principle applies to the Irrigation as to the Railway figures: but the former are not yet sufficiently large to cause any serious distortion of the true revenue and expenditure of India.

8. Two changes of minor importance which have been made in the form of the Railway accounts may also be mentioned. One is the exhibition by a separate entry of the surplus profits which are paid to Companies working State lines. These profits were previously included under the head "Working Expenses," which is not a suitable description of the charge. The other change is the appearance of the new sub-head "Sinking Funds" under Railway expenditure. The amounts now shown

in this manner were formerly included in the entry for "Annuities in purchase of Railways;" but they really represent payments towards the redemption of India Stock which has been created in exchange for annuities and debentures of purchased Guaranteed Railways.

9. After making these adjustments I present the figures for the three years, reduced to their simplest form, and excluding Capital Debt and Remittance transactions. They are as follows:—

		1905-1906 (Accounts).
		£
Revenue	.	73,327,957
Expenditure (charged against Revenue)	.	<u>71,236,103</u>
Surplus	.	<u>2,091,854</u>
		1906-1907 (Revised Estimate).
		£
Revenue	.	75,626,900
Expenditure (charged against Revenue)	.	<u>74,300,800</u>
Surplus	.	<u>1,326,100</u>
		1907-1908 (Budget Estimate).
		£
Revenue	.	75,012,800
Expenditure (charged against Revenue)	.	<u>74,238,100</u>
Surplus	.	<u>774,700</u>

Accounts of 1905-1906.

10. Last March we estimated that the year 1905-1906 would close with a surplus of £1,755,700. The audited accounts show that the surplus has actually amounted to £2,091,854, being an improvement of £336,154. This represents the result of the Imperial Section only. The net Provincial and Local surplus was less than the estimate by £56,406, and the combined result is a betterness of £279,748.

11. The net improvement in revenue was £168,185. Railway earnings were less than we had estimated by £64,052, the bulk of which occurred on the Eastern Bengal, Rajputana-Malwa, and Great Indian Peninsula systems. The issues of Malwa opium during March were exceptionally low, leading to a reduction of £21,720. Under Land Revenue, we underestimated the check in collections due to the unfavourable agricultural prospects in certain provinces by the considerable sum of £166,531. On the other hand, practically all the other heads of revenue exceeded the estimate in a greater or less degree. The largest increase was one of £111,796 in the army receipts, of which £82,500 represented a payment made by the War Office towards the end of March on account of the cost of five Native Infantry regiments employed in the Colonies.

12. The expenditure was less than expected by £111,563. The greater part of this represents lapses of expenditure in England on account of the Army (£173,170), and special defences (£45,694). Railway charges fell short of our calculations by £40,518. They would, however, have exceeded the estimate but for the fact that a sum of £72,575, being a portion of the surplus profits due to the Bombay, Baroda and Central India Company, was not actually paid till after the end of the year. Most of the other heads of expenditure were more or less in excess of the estimate, the largest increase being £42,708 under education, which was due to heavier payments on account of building and furniture grants to schools in Bombay, the Punjab, Bengal and Burma.

13. Further details will be found in Part II of the Financial Statement, and in the Comptroller General's Appropriation Report which has recently been published.

Revised Estimate for 1906-1907.

14. In making a comparison between the figures of the Budget Estimate of the current year, as framed in March last, and those of the Revised Estimate now presented, it is necessary to make allowance for the new method of showing Railway earnings *net*, instead of gross, which was explained in paragraph 7 above. The change affects only the figures of the Railway Revenue Account, and those of total revenue and expenditure; no others are concerned.

15. After making the requisite corrections of the Budget figures, due to this cause, it will be seen that a year ago we estimated that the total revenue of the year would amount to £73,711,100, and the expenditure chargeable against revenue to £72,837,000, and that the year would close with a surplus of £874,100. The actual results, so far as they are now known, have been somewhat more favourable. The revenue is now estimated at £75,626,900, the expenditure chargeable against revenue at £74,300,800, and the surplus at £1,326,100. This last figure exceeds the original estimate by £452,000. The total revenue, Imperial, Provincial, and Local, has increased by £1,915,800, while the expenditure has fallen by £227,300. The improvement in actual receipts and expenditure is thus £2,143,100. In March last, however, we anticipated that the Provincial Governments and local bodies would draw upon their accumulated balances to the extent of £1,077,600. Instead of this, they have on the whole increased their balances by £613,500, and the effect of this is to increase the expenditure chargeable against revenue by £1,691,100. The way in which this happens is further explained in a later section of the present Financial Statement.

16. The following statement shows the principal heads in which the Revised Estimate differs from the Budget by £50,000 or more :—

REVENUE.		£
<i>Increase—</i>		
Land Revenue	.	135,300
Opium	.	776,600
Stamps	.	51,300
Excise	.	89,400
Assessed Taxes	.	67,700
Interest	.	95,800
Mint	.	213,800
Miscellaneous	.	306,700
Irrigation	.	281,100
<i>Decrease—</i>		
Customs	.	157,100
Salt	.	110,000
EXPENDITURE.		£
<i>Increase—</i>		
Interest	.	56,800
Miscellaneous	.	118,400
<i>Decrease—</i>		
Civil Departments	.	67,400
Irrigation	.	59,500
Other Public Works	.	167,100
Special Defences	.	90,200

Full explanations on all necessary points will be found in the memorandum by the Financial Secretary. The only matters to which I need allude are the following :—

17. Under Land Revenue, the betterness is mainly due to the extremely favourable character of the season in the Bombay Presidency, which has facilitated the collection of outstanding arrears as well as of the current demand. The improvement is estimated at 36·09 lakhs. There has also been some increase in the Punjab, the North-West Frontier Province, Eastern Bengal, and Madras. In Burma, on the other hand, mainly in consequence of floods in some districts, the expansion of the revenue has been less rapid than was expected, and the Revised Estimate falls short of the Budget by 21·17 lakhs, though it exceeds the actuals of the previous year by 8·75 lakhs.

18. The predominant element in the expansion of our revenues has been opium. In February 1906, and again in March of that year, heavy successive falls occurred in the sale prices realised at the auctions of Bengal opium, and in view of the possibility that this might continue, we then thought it prudent to calculate on an average rate not exceeding R1,125 per chest for the whole year. A recovery, however, set in almost at once and prices gradually rose during the year, with the result that the average price for the twelve months has amounted to R1,391 per chest. This accounts for an increase of 140.45 lakhs over the estimate. On the other hand, the weighments of Malwa opium have been the smallest known for many years, and are not expected to exceed 12,500 chests in all, as compared with our estimate of 16,500. The loss of pass duty due to this cause is estimated at 24.40 lakhs.

19. The improvement under Stamps and Excise has been fairly general throughout the country, except in Burma and the United Provinces. In the former province the probable growth of the excise revenue was overestimated. In the latter, the shortage amounts to 6 lakhs. This is mainly due to the fact that in the last weeks of 1905-1906 a large firm of distillers, in anticipation of the increase of the duty on spirits from R6 to R7 per gallon, took out of bond a quantity sufficient for nearly two years' consumption.

20. Under Salt we estimate that the revenue will be less by £110,000 than we expected. About half of this shortage is due to the reduction in the duty with effect from this date. The remainder is due partly to dealers in Northern India holding back in expectation of a reduction in the duty, and partly to the effect of credit sales having been underestimated in Madras.

21. Under Customs the receipts have been disappointing, and in place of the improvement of £139,300 which we hoped for a year ago, we now expect that the revenue will be nearly £41,000 below that of 1905-1906. The chief items contributing to this result are spirits and the export duty on rice. Instead of getting an increase of 3 lakhs from the enhanced duty on spirits, we now expect a falling-off of over 12 lakhs, which is due to large clearances in February 1906. The effect of this, however, has probably exhausted itself by now, and the trade will doubtless resume its normal course. The exports of rice have largely declined, mainly in consequence of the high prices prevailing in Bengal and some other parts of India, which diverted the trade from its usual channels. The receipts from this item we expect to be less than the estimate by £120,000. Cotton goods have not maintained the exceptionally high figure of 1905-1906, and have yielded £29,200 less than in that year. On the other hand, the imports of sugar, especially from Germany and Java, have been on an unprecedented scale, and will probably yield £37,000 in excess of the estimate. Imports of silver have recovered from the set back they underwent last year, and have surpassed even the record figures of 1904-1905, the improvement over the estimate being £76,600. Burma petroleum continues to compete successfully with foreign oil, which is a feature satisfactory in itself, but not conducive to growth of revenue from customs.

22. Under Interest the improvement occurred in England, and is due to the high Bank rate which prevailed in London during a considerable part of the year, and the favourable terms on which the Secretary of State was enabled to lend out his floating balances.

23. The increase in Mint receipts was due to seignorage being charged on coinage largely in excess of the estimate, and is partly counterbalanced by an increase of £21,800 in working charges. The coinage of the year depends almost wholly on the demands of trade, and cannot be forecasted with any approach to certainty.

24. Under Miscellaneous, the improvement is due mainly to two causes. The first of these is the strong demand for money prevailing during the latter months of the year, which resulted in unusually high prices being obtained for Council Bills and Telegraphic Transfers, yielding a profit of 23 lakhs. The other is the payment of two instalments of the Tibet indemnity, aggregating 16.67 lakhs. A small item (1.34 lakhs) of some interest represents the value of old outstanding currency notes, written off for the first time under the provisions of section 17 of the Paper Currency Act of 1905.

25. The agricultural conditions of the year were favourable for an expansion of irrigation, especially in the United Provinces and the Punjab. In the former the area under irrigation for the *rabi* crop was the largest on record. In the latter the extension was greatest on the Sirhind, Western Jumna and Upper Bari Doab Canals, and there was no failure of the cotton crop to necessitate remissions. Every other province also contributed to the increase, though in a smaller degree than the first two.

26. Our net Railway earnings are better than those of 1905-1906 by 60 lakhs, but have fallen short of the estimate by nearly 7 lakhs. The gross receipts are well up to the original estimate, but the working expenses have increased more rapidly, mainly in consequence of heavy renewals and repairs on the East Indian, Rajputana-Malwa, Bengal Nagpur, and Great Indian Peninsula Railways.

27. Under Army, there has been a saving, or rather a lapse, of 26.60 lakhs on the grant for special expenditure. (This is exclusive of other lapses aggregating 22.80 lakhs taken under military works and special defences.) Under ordinary charges there has been an excess of 24.41 lakhs, of which about 4½ lakhs represents the charges on account of the concentration of troops at Agra in connection with the visit of the Amir in January last. Most of the remainder occurred in supply and transport charges, and is due to the high prevailing price of food and fodder, and to the larger sums therefore payable as compensation for dearness of provisions.

28. Instead of a Provincial and Local deficit of £1,077,600, we now expect that there will be a surplus of £613,500. As I explained last year, this does not affect the actual revenue or expenditure, but merely its allocation as between Imperial, Provincial, and Local. A large part of the difference is due to the initial grant of 50 lakhs which we have made to Burma in connection with its new Provincial Settlement recently concluded; and to the refund to Bombay and the United Provinces of the sums expended by those Local Governments on famine relief during the past two years. These aggregate 90.67 lakhs in all. Other transfers, aggregating 10.18 lakhs, were made from Imperial to Provincial for Education, Irrigation Works, and Archæology, while additions amounting to 8.50 lakhs were made to the assignments of Bengal and Eastern Bengal and Assam in connection with their new Provincial Settlements, and for the reorganisation of their Provincial services. The remainder of the variation is due partly to the growth of the Provincial shares of revenue having been greater than was expected, and partly to the failure of the Local Governments to expend their assignments in full.

Budget Estimates of 1907-1908.

29. For next year we estimate the Revenue at £75,012,800, and the Expenditure (after allowing for a sum of £443,300 which is chargeable against Provincial and Local balances) at £74,238,100, thus leaving a net surplus of £774,700 in the Imperial Section of the accounts.

30. The estimated revenue is thus seen to be less by £614,100 than that which we expect to receive in the current year. The causes of this reduction may be summed up in two words—Salt and Opium.

31. I have already announced that we have decided to reduce the rate of salt duty to R1 per maund throughout India with effect from this date. Had this reduction not been made we calculate that we might have expected to obtain a Revenue of £4,556,700 in 1907-1908 from this source, or £266,700 more than in the current year. We now expect to receive one million less than in 1906-1907, so that the sacrifice of revenue amounts to £1,266,700. In this estimate, allowance has been made for probable increase in consumption. I have already dwelt on the remarkable stimulus which has been imparted to the consumption of salt by the reductions made in former years, and there seems every reason to anticipate that the present measure will be equally efficacious and beneficial.

32. The incidence of the duty now works out to rather less than 2½ annas per head of the population, a rate which can only be regarded as extremely moderate when it is remembered that the salt tax is the only contribution towards the public expenditure that is made by a large number of the people.

33. In 1906-1907 our net opium revenue is expected to amount to £3,690,900, or about 553.63 lakhs of rupees. For 1907-1908, we estimate it at £3,046,300, or about 457 lakhs. In each case about 32 lakhs represents the cost price of opium transferred to the Excise Department for local consumption, and the remainder, which for next year amounts to about 4¼ crores, represents the revenue derived from the opium trade.

34. The reason for this considerable falling-off is to be found in the reduction in the number of chests of Bengal opium notified for sale during 1907-1908 to 49,200 as compared with 52,800 in the past year. As is already known, proposals have been submitted by the Chinese Government for the gradual reduction of the imports of Indian opium into China, *pari passu* with the gradual contraction of the production of opium in that country, the object in view being the eventual extinction of the opium habit among the Chinese. The negotiations have not yet reached a stage when it would be possible

to make any announcement of the result: but it has been thought expedient to give effect during the ensuing year to the foregoing reduction of sales, and to a corresponding contraction of the area under cultivation, as evidence of the readiness of His Majesty's Government to receive the Chinese proposals in a sympathetic spirit. It has also been considered prudent to take a cautious estimate of the prices likely to be obtained at the sales during the coming year. We have accordingly issued orders to reduce the cultivation to not more than 900,000 bighas in the ensuing year, and we take the average sale price at Rs. 1,250 a chest as compared with an average of Rs. 1,391 obtained during 1906-1907.

35. What the eventual outcome will be it is impossible to foresee, for the practical difficulties of the task which China has imposed on herself are enormous, and may prove insuperable. But it is evident that the gradual reduction and eventual extinction of the revenue which India has derived from the trade have been brought a stage nearer, and it is necessary for us to be prepared for whatever may happen.

36. Twenty years ago, or even less, the prospect of losing a revenue of $5\frac{1}{2}$ crores a year would have been a cause of very grave anxiety. Even now, if the whole or a great part of the revenue should be struck off at a blow, the dislocation of our finances would be serious, and might necessitate recourse to increase of taxation. But if, as we have a clear right to expect, the transition is effected with a due regard to our convenience, and is spread over a suitable term of years, the consequences may be faced, if not with equanimity, at least without apprehension. The elasticity of our ordinary revenues has recently been remarkable. During the five years beginning with 1903-1904, and including the year which is about to begin, we have been able to carry out three successive reductions of the salt tax, estimated to cost us in the aggregate more than 5 crores per annum; we have taken off a number of cesses on the land aggregating upwards of a crore per annum; and we have raised the limit of exemption from income tax at a cost of 36 lakhs per annum. These various measures taken together have involved a sacrifice of revenue not far short of $6\frac{1}{2}$ crores of rupees a year, and exceed the present amount of the opium revenue by nearly 20 per cent. Nor has this relief to the tax-payer been purchased at the cost of starving the administration. During the same period, from Imperial Revenues alone and irrespective of Provincial resources, we have provided 105 lakhs per annum for Police reform, 80 lakhs per annum for Education, 24 lakhs per annum for Agricultural development, and over 60 lakhs per annum for grants-in-aid of District and Local Boards, besides allotting $3\frac{1}{4}$ crores per annum for completing the preparation of the Army for war. All of these grants are recurring, and all but the last mentioned are permanent in their character. They are irrespective of numerous isolated non-recurring grants which we have made for a great variety of purposes, and they take no account of the large additional resources placed at the disposal of Local Governments in accordance with the new Provincial Settlements.

37. If our revenues continue to expand as they have recently done, and if no unforeseen mischance should befall us, we may hope that the void will be made good without imposing on Indian tax-payers a burden greater than they can bear. I am far from suggesting that the loss of revenue is the sole outcome of the Chinese proposals that concerns India. The economic loss to the country occasioned by the proscription of a valuable crop and an important industry; the contraction of our exports by the exclusion of a staple valued at over 9 crores a year, and its effect on our balance of trade; and the loss inflicted upon the people and Durbars of the poppy-growing States in Malwa,—all these are considerations which deserve the most anxious attention. The point which I wish to emphasize at present is that there is no need for despondency, and that, if all goes well, there is nothing worse to fear than the absorption for a few years of the means of affording further relief to the tax-payer, and of incurring useful expenditure for the development of the country.

38. In his speech on the budget last year, the Hon'ble Mr. Hewett held out the hope that before long we should be in a position to raise the weight of letters carried for half an anna from $\frac{3}{4}$ of a tola to one tola. This we have now decided to do. We have also arranged that the weight carried for one anna shall be raised from $1\frac{1}{2}$ tolas to 3 tolas. In regard to the Foreign post, we have decided to conform to the scale approved at the recent Postal convention. The weight carried for one anna within the Empire will thus be one ounce instead of half an ounce as hitherto. For letters outside the Empire, a similar weight will be carried for $2\frac{1}{2}$ annas, and an additional $1\frac{1}{2}$ annas will cover each ounce after the first. These reductions will take effect from the 1st October 1907, and are estimated to cost us £73,300 during the remainder of the year.

39. The other heads of revenue do not call for any lengthy consideration in this place. Apart from Salt and Opium, we expect that the normal growth of the principal heads will yield £1,250,400 more in 1907-1908 than in the present year, while the Miscellaneous and Departmental receipts, together with Commercial Services, Railways and Irrigation will be less by £107,900. In the increase Land Revenue is the most important factor. The prospects of the crops are excellent almost everywhere, and we hope to receive £372,900 more than in the current year. The largest part of this is expected in the United Provinces and Burma, but most provinces contribute towards it, except Bombay where the collections during the current year have been exceptionally large. We take credit for the normal growth of revenue from Stamps, Excise, Assessed Taxes and Forests. Under Customs we hope to obtain an increase of £288,400, or approximately 43½ lakhs of rupees. Of this, 15 lakhs are expected under spirits, the enhanced rate of duty on which will, we hope, become fully effective. We also hope that the check which the exports of rice have undergone during the current year will cease, and we reckon on an increase of 15½ lakhs from this item. An improvement is expected from nearly all the other principal staples, including sugar and cotton goods. We do not, however, feel justified in assuming that the recent abnormally large importations of silver will continue, especially in view of its advance in price, and we allow for a reduction of 4½ lakhs on this account.

40. As already stated, our Railways have not done quite so well as we expected, but there is no reason to anticipate that the set back will continue, and we feel justified in taking credit for an increase of £346,400 in net earnings in the ensuing year. Irrigation receipts, on the other hand, have been exceptionally high during 1906-1907, and we have thought it prudent to assume that those of next year will fall short by £105,800. Under Exchange we have estimated for a reduction of £60,000, in view of the exceptionally high rates which have prevailed during a long period of the current year. These show little present sign of falling, but it would not be wise to count on their continuance for another twelvemonth.

41. On the Expenditure side of the account we anticipate a net increase of £994,100; Provincial Governments and local bodies expect to draw on their accumulated balances to the extent of £443,300, instead of adding to them, as in the current year, by £613,500. In the Imperial Section there is a reduction of £161,100. The increase in total expenditure is the net result of a number of variations some of which are considerable in amount. The largest item is a decrease of £481,200 in Army charges. A reduction of half a million sterling has been made in the annual grant for special military expenditure. The lapses on the current year's grant for this head have also been smaller than in 1905-1906, and the amount carried forward to next year is only 47½ lakhs, including a special provision of 7½ lakhs for a new Indian Marine Vessel as compared with 90 in 1906-1907. These reductions are counterbalanced in part by growth of ordinary expenditure on the Army. There is a decrease of £272,700 under Interest charges, but the greater part of this represents a mere transfer of debt from the non-productive to the Railway account, under which there is an increase of £255,800. Under Public Works, Civil and Military, we provide for an increase of £432,600, three-fourths of which belongs to the former class. The largest increase, however, occurs under the group of heads entitled "Salaries and Expenses of Civil Departments," and amounts to £562,100. This is the net result of a number of variations under the principal heads of charge representing the cost of the Civil Government. Thus, under Police we have provided for an increase of £269,800. Rather less than half of this represents the efforts made by Local Governments gradually to carry into effect the recommendations of the Police Commission, for which grants have been made to them in the past but have not yet been fully utilized. £150,000 represents additional recurring grants now sanctioned for the same purpose with effect from 1907-1908. This sum, which amounts to 22½ lakhs, has been allotted to the different Provinces as follows:—

	Lakhs.		Lakhs.
Madras	1'00	United Provinces	5'00
Bombay	2'00	Punjab	5'50
Bengal	4'00	Central Provinces	1'00
Eastern Bengal and Assam	2'50	Minor Provinces	1'50

In addition to these, we have given to Burma a grant of approximately 8 lakhs a year, which is included in the terms of the new Provincial Settlement, and which, together with grants of 7½ lakhs previously made, will cover the entire estimated cost

of police reform in that Province. The total assignments made for this purpose from Imperial Revenues during the three years 1905-1906 to 1907-1908 amount in all to 105½ lakhs of rupees a year, and exceed two-thirds of the total ultimate expenditure in contemplation.

42. For expenditure on Education we have provided 304 lakhs, which represents an increase of almost 33 lakhs over that of the current year. This is distributed over all the Provinces, the increase being largest in Bombay and Madras. These figures do not include any provision for the cost of free primary education, which formed the subject of some discussion in the debate on the last Financial Statement. It must not, however, be inferred from this that we have lost sight of the question. During the summer it was very fully considered in the Department concerned, and in the autumn a letter, which has been published in the press, was addressed to Local Governments, reviewing the position at length, calling for certain information, and inviting an expression of their opinions. On receipt of their replies, the matter will receive prompt and earnest attention; and we have received an assurance from the Secretary of State that, notwithstanding the absence of Budget provision, if a suitable scheme should be prepared and sanctioned by him he will be ready to allow it to be carried into effect in the course of the year, provided that the financial position permits.

43. Under "Scientific and Minor Departments" we have provided for an increase of £118,600, partly on account of the Survey of India, and partly in connection with the progressive introduction of measures of agricultural improvement. Political charges are expected to be less than in the current year by £78,500, which is mainly due to the fact that no provision is necessary, as in the current year, for the entertainment of His Majesty the Amir of Afghanistan. None of the remaining heads of expenditure call for special remark, and all necessary explanations of detail will be found in Part II of the Financial Statement.

Ways and Means.

44. As stated in paragraph 29, our revenue account closes with a surplus of £774,700 which is carried forward to the second part of the statement dealing with Capital and Debt transactions, including Deposits, Remittances and Advances. Our total estimate of Capital Expenditure not chargeable to Revenue on Railways and Irrigation Major Works is £9,874,000, of which £833,300 is for Irrigation, £7,215,100 for State Railways, and £1,825,600 for expenditure by Railway Companies. In addition to the above, we have to find £585,100 for the discharge of permanent debt (chiefly Bombay, Baroda and Central India Railway debentures). We have also to make a net payment of £80,300 on account of loans to local bodies, advances to cultivators, etc. Our aggregate capital requirements thus amount to £10,539,400.

45. To meet this outlay we have (1) the revenue surplus of £774,700, (2) the net receipts of the Post Office Savings Banks which are estimated at £684,800, (3) a net receipt of £112,900 under Deposits and Remittances, and (4) a sum of £3,840,400 to be raised by Railway Companies. These various resources amount to £5,412,800, leaving £5,126,600 still to be provided. In order to meet this, we propose to borrow £5,500,000, of which £3,500,000 will be raised in England, and 3 crores of rupees or £2,000,000 in India. Our cash balances are expected to stand on the 31st March 1908 at £12,369,000 in India, and at £3,437,000 in England.

46. The announcement regarding the amounts to be borrowed in England and India is made subject to the usual reservation, and the Government of India retain full discretion to vary the programme, as now declared, to any extent that may be considered desirable.

47. The present intention of the Secretary of State is to draw bills on India to the amount of £18,100,000, but this also is subject to a similar reservation. This estimate of Council drawings is for the amount necessary to provide for the Secretary of State's requirements: but additional bills will, as usual, be sold, if needed to meet the demands of trade.

Provincial Expenditure on Famine Relief.

48. In the discussion on the last Financial Statement I stated, in reply to the Hon'ble Mr. Logan, that the Government of India recognized that the present arrangement under which the cost of famine relief is a wholly Provincial charge was open to certain serious objections; and I undertook to have the matter fully examined

in the hope of devising some more appropriate system. This has now been done. During the summer months, we worked out certain proposals, which were referred for the views of the various Local Governments, and by them were generally well received. After revising the scheme in some minor points in accordance with the criticisms we had received, we submitted it to the Secretary of State, who has accorded it his approval and has authorised us to bring it into effect from the ensuing financial year.

49. The ruling principle of the scheme is to enable each Local Government whose territories are liable to famine gradually to build up a reserve of credit with the Imperial Government on which it will be at liberty to draw when it becomes necessary to incur expenditure on famine relief. The means of creating this reserve of credit will be provided from Imperial revenues, in the form of an increase to the annual fixed assignment of each Local Government. This arrangement is equitable, and indeed necessary, because the existing Provincial settlements make no allowance for famine relief expenditure, and the Provincial Governments could not provide the funds without curtailing their ordinary expenditure.

50. The additional assignments thus made to Local Governments will be debited in their accounts each year under the head 36.—Reduction or Avoidance of Debt, which will to that extent become a divided head instead of being wholly Imperial as at present; and an account will be kept of the amounts thus accumulated year by year to the credit of each Government.

51. When famine occurs, the Local Government will be entitled to draw upon the amount standing to its credit to meet its famine expenditure, and charges thus incurred will be shown in our accounts as Imperial expenditure instead of being Provincial as at present. In a famine of relatively small extent the reserve of credit will usually be sufficient to meet the whole charge, and the Local Government will be secured from all dislocation of its ordinary administrative machinery.

52. If a famine should be widespread or severe, it is possible that the reserve of credit may be exhausted. When that happens, we have decided that any further expenditure on famine relief shall be equally shared between the Imperial and the Local Government, instead of being wholly Provincial as at present. Both Governments will bear their share of the inevitable burden, but the Local Government will have to support it to only one-half the extent that it does at present.

53. If a famine should unhappily be prolonged, it may happen that even this measure of assistance may be insufficient. We have therefore decided that when in consequence of the prevalence of famine the balances of any Local Government are depleted so that they fall below one-half of the prescribed minimum, further assistance shall be given from Imperial revenues; but we consider that its precise measure or extent cannot be decided beforehand, and that in that event—which, we trust, will be of rare occurrence under the system now to be introduced—they should be left for determination according to the circumstances of the occasion.

54. The amount of the annual assignments to be made to each Local Government has been determined with reference to, but not in exact proportion to, the average expenditure incurred by them on famine relief during the past 25 years. It has not been thought necessary to make any assignment to Burma, or to Eastern Bengal and Assam, as these provinces have only been subject to famine in a very limited degree. The amounts assigned are as follows:—

	R
Madras	2,50,000
Bombay	13,70,000
Bengal	2,60,000
United Provinces	4,50,000
Punjab	1,40,000
Central Provinces	12,80,000
TOTAL	<u>37,50,000</u>

55. There are two subsidiary points to which allusion may be made. The scheme will come into operation from 1907-1908; but it is possible that a famine might occur before the province affected had accumulated a sufficiently strong reserve of credit to enable it to meet the charge. To provide for this contingency it has been decided that any famine relief expenditure that may be incurred in the first five years shall be treated as Imperial up to a limit equal to five years' accumulated credits in the *pro forma* account.

The second point is that, in order to avoid the possible accumulation of credit to an unnecessarily high figure, it is necessary to fix some maximum limit to the reserve of each Province. When that limit has been reached, the annual assignment and addition to the outstanding credit will cease until it has been reduced by expenditure on relief. The amount to be fixed for each province cannot suitably be based on average expenditure, and it has been determined roughly with reference to the maximum expenditure likely to be incurred in a year of moderately severe famine. The maxima decided on are as follows:—

	Lakhs of rupees.
Madras	25
Bombay	80
Bengal	25
United Provinces	30
Punjab	10
Central Provinces	80

56. By these measures we hope to avoid or mitigate the evils of the present system, which were set forth in the debate on last year's Financial Statement. On the one hand we preserve in large measure the inducement to economy which is the sole apparent merit of the present system. For the more a Local Government draws on its reserve of credit, the faster it will be exhausted, and the sooner will be reached the stage at which half the charges begin to fall on Provincial revenues. On the other hand, we take effective steps to protect the Provincial Governments, each in approximate proportion to its liability to famine, from the utter dislocation of its resources which a considerable famine almost immediately involves. If the famine is on a small scale, the protection is complete. If it is more extensive, we share the burden. In the worst case of all, we indicate definitely the point at which a still larger measure of assistance may be claimed from Imperial revenues. Lastly, we obviate the anomaly which has occurred under the present system, by which the occurrence of a famine has actually operated to increase the Imperial surplus, by transferring expenditure from an Imperial head (Reduction or Avoidance of Debt) to the head Famine Relief, which has hitherto been wholly Provincial.

57. As stated above, the new arrangements will take effect from the ensuing financial year. In two Provinces, however, *viz.*, Bombay and the United Provinces, a considerable amount of expenditure has been incurred on famine relief during 1905-1906 and 1906-1907, and this has made serious inroads upon the initial lump grants which these Local Governments received when their Provincial Settlements were last revised. In order that they may not be prejudiced by this misfortune, we have decided, with the sanction of the Secretary of State, to refund to these two Provinces the sums which they have spent on this account. The amounts in question are 12·32 lakhs and 28·35 lakhs respectively, and these sums have been added to the Provincial balances in the Revised estimates of the current year.

Military Expenditure.

58. I append the usual statement showing the total expenditure on the Army under the various heads during the past five years:—

	Army.	Military Works.	Marine.	Special Defences	TOTAL.
	£	£	£	£	£
1903-1904	17,865,208	1,034,654	580,307	27,054	19,507,223
1904-1905	20,175,694	981,599	589,467	128,295	21,875,055
1905-1906	19,267,130	1,094,905	519,156	146,306	21,027,497
1906-1907 (Revised)	19,832,100	1,125,900	606,000	141,300	21,705,300
1907-1908 (Budget)	19,350,900	1,259,100	492,200	145,700	21,247,900

59. In paragraphs 30 to 32 of the Financial Statement for 1905-1906 and again in paragraph 54 of the Statement for 1906-1907, I described our present policy of financing special military expenditure from current revenues, and gave a brief indication of the principal objects on which such expenditure would be incurred in those years. I now propose to deal somewhat more fully with this subject.

60. For some years prior to 1904-1905, in addition to the amount required for the normal maintenance of the Army, we also provided for "special military expenditure," *i.e.*, outlay on measures designed for the improvement of the condition, equipment or preparedness of our military forces. This special provision fluctuated from year to year, being dependent on the amount which we were able to spare from general revenues, and on the utilisation of special savings which accrued in our ordinary military expenditure by reason of the employment of a portion of our troops by the Imperial Government in South Africa and China. The objects to which this special military expenditure was applied were not, moreover, selected by the Military authorities in pursuance of any preconceived plan, which would in any case have been rendered difficult by the necessarily considerable fluctuations in the amount we could assign from year to year.

61. In 1904 His Excellency the Commander-in-Chief put forward a scheme defining the broad lines on which he considered that the reorganisation and the redistribution of the Army should be undertaken, and he laid stress on the point that this scheme could not be progressively and economically worked out without a definite programme of expenditure extending over a series of years. Lord Kitchener's recommendations were accepted, and it was decided to provide annually, for a period of five years, a sum of £2,000,000 to cover outlay on the new measures advocated by His Excellency as essential to prepare the Army for war, as well as on other measures which had hitherto been classed under the head of special military expenditure. The grant of £2,000,000 was subsequently increased to £2,167,000 in order to extend the fixed grant system thus introduced to all additional outlay on Military Works. It was also decided that lapses which might occur in the expenditure from the grant should be carried forward from one year to another, but subject as a rule to a limit of £333,000. It will be seen from paragraphs 41 and 64 that the amount has been reduced for 1907-1908 by half a million sterling.

62. In view of statements that have sometimes been made to the effect that Lord Kitchener's schemes involved the burdening of Indian revenues with an additional charge of £2,000,000 per annum, it is desirable to emphasise the fact that the total special grant initiated in 1904-1905 is a grant for *all* special expenditure connected with the Army. Within the four years prior to 1904-1905 we had on the average spent a sum of £928,000 annually on special military expenditure, including outlay on a programme of defences for our chief seaports which was initiated in 1902. The additional liability we undertook in pursuance of Lord Kitchener's scheme was, therefore, about £1,250,000 per annum. Under present conditions the special grant covers expenditure on all special measures which had been initiated prior to 1904-1905, in excess of the Budget provision made in that year, and on all new military expenditure of whatever kind, with the exception of petty items whose maximum cost, adding the full amount of recurring expenditure in any one year to the initial outlay, will be less than £1,400.

63. In the latter part of 1904-1905 we provided £1,040,000 towards the carrying out of Lord Kitchener's scheme of reorganisation, in addition to a sum of £500,000 already provided in the Budget for new artillery, making a total of £1,540,000; but the actual expenditure of the year amounted only to £1,100,000 besides a sum of £128,000 spent on coast defences. In 1905-1906 the normal special grant for all purposes would have been £2,500,000 (including £333,000 on account of lapses from the previous year); but in view of our favourable financial position we raised the total to £3,267,000 with the object of completing our necessary supply of new artillery. The actual expenditure, however, was only £2,006,000, mainly owing to the fact that the War Office were unable to supply us within the year with the new quick-firing guns, stocks of ammunition and other stores which we had ordered and arranged to pay for. In view of this large lapse we carried forward a sum of £600,000 instead of the normal £333,000 to the year 1906-1907, making the total special allotment for that year £2,767,000. Of this amount we shall, according to the Revised Estimate, spend £2,437,300.

64. The present political situation and the reduced receipts we anticipate from opium have led us to reduce the normal grant to £1,666,700 during the coming year, and to this is added £316,700 on account of lapses for the current year, bringing the total provision under the special grant for 1907-1908 to £1,983,400. The regranted lapses include, as above stated, a special provision of £50,000 to admit of the construction of a new ship for the Royal Indian Marine.

65. If we take the Revised Estimate figures for the current year as approximately correct, our actual "special grant" expenditure in the years 1904-1905 to 1906-1907

inclusive will have been £5,543,000, of which £2,400,000 may be said to be due to Lord Kitchener's schemes for reorganisation and redistribution, and £3,143,000 to other measures, including coast defences, from 1905-1906 onwards, and Marine expenditure. Of the provision in the coming year £1,100,000 may be said to be due to reorganisation and redistribution and £883,400 to other measures.

66. Taking the results achieved by this expenditure up to the end of the current year, we have practically completed the rearmament of our artillery for the field army with modern quick-firing guns, and have made progress towards reorganising the *personnel* of horse and field artillery in accordance with present day requirements. Our artillery ammunition columns are also being reorganised and added to in view of the larger field requirements of quick-firing guns, and we are pushing on with the necessary reserves of small arm and artillery ammunition. Our ordnance factories have been developed and will, it is hoped, shortly be able to produce guns, rifles and other war material which they were not formerly in a position to turn out. We have spent £443,000 on coast defences (including £155,400 found prior to the initiation of the present special grant), and are steadily advancing towards the completion of our original programme of £818,000 on that item. The transport has been reorganised and augmented; our field and general hospitals have been equipped on modern lines; and reserves of mobilisation equipment for units proceeding on field service have been completed. We have established dairy farms in many cantonments, and are making progress with the installation of electric punkhas and lighting in barracks. We have added 257 officers out of a proposed total of 350 to the strength of the Indian Army, and have opened a Staff College for the local training both of British and Indian Army officers. We have reconstituted several native regiments in view to obtaining more efficient fighting material, and have provided for additional concessions to the sepoy in the shape of additional extra kit money, boot allowance, and travelling expenses when proceeding on leave. Lastly, adequate steps are being taken towards the redistribution of our garrisons on the lines indicated by Lord Kitchener in 1904.

67. Among the principal measures to which our special expenditure for 1907-1908 will be devoted, I may specify the following:—the supply of telephone equipment to the Field Army; the formation of an additional Indian Cavalry Regiment from a nucleus of two squadrons of irregular cavalry; the raising of two Indian Mountain Batteries; the partial reorganisation of our heavy artillery; and the completion of the formation of the additional ammunition columns, of the reorganisation of the *personnel* of our horse and field batteries, and of our reserves of small arms ammunition.

Railway. Construction and Earnings.

68. The following statement shows in the usual form the capital expenditure on railways during the past five years and the Budget Estimate for 1907-1908, whether incurred directly by the State or through the agency of Guaranteed or Assisted Companies:—

	1902-1903.	1903-1904.	1904-1905.	1905-1906.	1906-1907 (Revised).	1907-1908 (Budget).
	£	£	£	£	£	£
Open lines, including rolling stock	3,211,634	3,725,134	3,351,734	5,121,300	6,129,300	6,755,000
Lines under construction—						
(a) Started in previous years	3,016,666	2,091,200	3,246,066	3,663,073	3,401,300	2,245,000
(b) Started in current year	476,764	564,134	590,800	215,057	210,300	...
TOTAL	6,705,064	6,380,468	7,188,500	8,999,430	9,741,100	9,000,000

FINANCIAL STATEMENT OF THE

69. On the 31st March 1906 the total length of open lines was 28,611 miles classified according to gauge as follows :—

5' 6" gauge	15,143
Metre „	12,197
Special gauges	1,271
TOTAL	28,611

During the current year we have added to these approximately the following mileage :—

5' 6" gauge	597
Metre „	278
Special gauges	77
TOTAL	952

During the ensuing year we hope to increase this length by 832 miles more.

70. For the current year, we were able to provide the large sum of 15 crores for capital expenditure, and we anticipate that all but about 39 lakhs will have been spent by the end of the year. This includes the balance, 45 lakhs, of the purchase price of the Kalka-Simla Railway which was taken over by Government from the 1st January 1906.

71. For next year, it is a matter of regret that we have found ourselves unable to provide more than $13\frac{1}{2}$ crores for this purpose. We are aware of the disappointment with which this reduction will be viewed by the commercial public, and we realize that it will involve some retardation in the progress of railway development. But in present conditions it is unavoidable. Railways are in the main constructed from loan funds, eked out only to a minor extent by such sums as we can find from surplus revenue, the balance of the Famine Insurance Grant, Savings Bank deposits, and the like. Apart from these relatively small supplementary resources, therefore, the amount which we can grant for railway construction is limited by what the money market will supply; and it unfortunately happens that at the present time the conditions are distinctly unfavourable for borrowing on a large scale either in India or in London. During the last three years we have raised loans in India aggregating $11\frac{1}{2}$ crores of rupees, in addition to which local authorities have come upon the market in increasing frequency for loans of a magnitude exceeding anything previously known. The price of rupee paper was, till recently, nearly two points lower than it was a year ago, and though there has been some subsequent recovery we consider it only common prudence to give the market a comparative rest. In London the price of 3 per cent India sterling stock now stands at 90 as compared with 97 or more a year ago; the bank rate has ruled exceptionally high throughout the winter; and though some improvement has occurred and more may be expected in the spring, it would clearly be unwise to reckon on making up the shortage except on onerous terms. While these conditions prevail, we must be content to move more slowly than we had hoped. Even as it is, the allotment now made exceeds that of any year except 1906-1907.

72. The foregoing remarks relate to construction for which funds are provided by the State. They are applicable in at least an equal degree to construction which is financed by private agency, whether with or without a State guarantee. Dear money checks new business, and the credit of private companies is no more exempt from the limitations of the money market than that of the State. On the contrary, it has happened only too often that undertakings which possess borrowing powers of their own have been unable to raise the sums they required for capital outlay, and have been obliged to fall back on the Secretary of State to provide them with funds. We are considering whether it may not be practicable to dispense with some of the restrictions which now hedge round our railway policy, and if this can be done I am hopeful that a greater degree of elasticity may be imparted to the railway programme. But I am sceptical as to the possibility of

devising any means whatever whereby the provision of funds for railway construction can be rendered immune from the vicissitudes of the money market.

73. Of the total grant of 13½ crores, 10 crores have been reserved for expenditure on open lines, and 3½ for lines under construction. The grant will not admit of our undertaking any new lines. The allocation of the funds to different systems will be found set forth in the annexed memorandum by the Railway Board. I do not propose to enter upon a discussion of the thorny subject of the shortage of rolling stock, but the following figures will show succinctly what is being done in this direction. During the current year we expect to have spent 381.29 lakhs on additional stock for open lines, the distribution being as follows:—

	R
Locomotives	1,00,37,000
Coaching stock	83,58,000
Goods „	1,97,34,000
TOTAL	3,81,29,000

74. For 1907-1908 the provision for additional rolling stock on open lines is 568.10 lakhs, or £3,787,300; but it is far from certain whether it will be possible to spend this large sum within the year. If that should prove to be the case, the grant will be redistributed. For the present the allotments to the principal systems are as follows, *viz.*, 126.61 lakhs are for the North-Western Railway, 101.27 lakhs for the Bengal-Nagpur Railway, 79.47 lakhs for the East Indian Railway, 42.49 lakhs for the Eastern Bengal State Railway, and 51.20 lakhs for the Great Indian Peninsula Railway.

75. As regards earnings we have not done quite so well as we expected. The following table shows the results in the usual form:—

Year.	Receipts.	Charges.	Net surplus.
	£	£	£
1899-1900	16,587,845	16,511,089	76,756
1900-1901	18,293,629	17,968,505	325,124
1901-1902	20,225,968	19,379,352	846,616
1902-1903	20,133,900	19,904,951	228,949
1903-1904	21,557,866	20,697,197	860,669
1904-1905	24,022,465	21,917,027	2,105,438
1905-1906	24,594,148	22,592,182	2,001,966
1906-1907 { Budget	26,154,600	23,925,300	2,229,300
{ Revised	26,479,300	24,321,500	2,157,800
1907-1908 Budget	261,280	25,111,500	2,149,700

76. As explained on former occasions, the charges shown above include *inter alia* interest on capital of all lines whether open for traffic or not, and sinking fund payments in liquidation of the purchase price of certain lines which have been bought by Government. The capital at charge at end of the present year is estimated at £260,356,500. The net receipts are estimated to amount to £13,324,500, which represents a return on the capital of 5.27 per cent. If open lines only are taken into account, the capital at charge amounts to £253,320,100 and the net return to 5.41 per cent.

77. The gross receipts during the current year have been well up to the estimate, but the working expenses have expanded more rapidly than we anticipated. In the opinion of the Railway Board this feature is likely to recur for some few years, in consequence of the efforts which are being made by the railway administrations to replace their old stock by stock more capable of dealing efficiently with the requirements of the growing traffic, and to strengthen the permanent-way and bridges so as to enable them to bear the heavier loads now being carried. In this view we have estimated that the growth of net earnings will not more than approximately cover the increase in interest charges, and that the net surplus will be a trifle less than that which we expect in the current year.

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Irrigation.

78. The following table exhibits the principal figures of Revenue and Expenditure connected with Irrigation :—

	1903-1904.	1904-1905.	1905-1906.	1906-1907, Revised.	1907-1908, Budget.
<i>Productive Works.</i>	£	£	£	£	£
Capital outlay to end of year	23,718,032	24,084,700	24,664,916	25,785,400	26,649,700
Direct receipts	1,857,460	1,940,670	1,813,919	2,310,100	2,189,500
Land Revenue due to Irrigation	828,371	883,809	959,098	989,800	1,024,500
TOTAL	2,685,831	2,824,479	2,773,017	3,299,900	3,214,000
Working Expenses	789,225	849,700	874,721	931,200	911,400
Interest	933,105	949,928	967,969	994,700	1,027,400
TOTAL	1,722,330	1,799,628	1,842,690	1,925,900	1,938,800
NET PROFIT	963,501	1,024,851	930,327	1,374,000	1,275,200
<i>Protective Works.</i>					
Outlay on construction to end of year	1,572,594	1,720,397	1,983,941	1,998,700*	2,400,000
Direct receipts	62,570	53,661	55,237	36,800	29,700
Land Revenue due to Irrigation	8,768	9,441	9,681	7,100	7,200
TOTAL	71,338	63,102	64,918	43,900	36,900
Working Expenses	21,526	25,581	23,102	18,900	20,700
Interest	61,129	65,296	73,487	83,200	95,500
TOTAL	82,655	90,877	96,589	102,100	116,200
NET LOSS	11,317	27,775	31,671	58,200	79,300
<i>Minor Works and Navigation.</i>					
Direct receipts	154,594	183,455	168,728	187,300	174,400
Expenditure	875,021	895,848	941,153	905,400	1,002,100
NET LOSS	720,427	712,393	772,425	718,100	827,700

* The figures for 1906-1907 include the Lower Swat River Canal, which though originally constructed as a protective work has proved highly remunerative, and has been transferred to the Productive class.

79. On the 31st March 1906 52,513 miles of main and branch canals and distributaries had been constructed commanding 46 million acres of culturable land, the area actually irrigated in 1905-1906 being 23,357,000 acres. The productive works during

that year yielded a net return of 7·7 per cent on the capital outlay of 3,700 lakhs after paying all charges exclusive of interest. The net profit to the State was 140 lakhs.

The Revised Estimate for 1906-1907 shows a net profit of 205 lakhs on productive works, and a net return on capital outlay of 9 per cent. If, as we expect, these figures are realized they will be the largest on record for any one year. On the 31st March 1907 we expect to have 53,314 miles of main and branch canals and distributaries constructed to command 46,670,000 acres of culturable land, and we shall have actually irrigated close on 24 million acres during the year.

80. In the Punjab alone during 1905-1906 over 6,900,000 acres were irrigated by canals, and in spite of unusually large remissions on account of the destruction of the cotton crop by boll-worm, the Lower Chenab Canal paid nearly 21 per cent on the capital invested, the Bari Doab 11 per cent and the Western Jumna nearly 10 per cent.

81. Of the works in active progress, the most important is the Triple Canal Scheme of the Punjab, which provides for carrying a canal from the Chenab river across the Ravi, by means of a syphon, for the irrigation of the Lower Bari Doab tract, the supply from the Chenab being supplemented by means of water from the river Jhelum. Good progress has been made during the year on this ambitious project, which is estimated to cost 782 lakhs and to irrigate 1,876,000 acres, with a return of nearly 10 per cent on the capital outlay. The interesting Upper Swat Canal project, referred to in paragraph 64 of last year's Financial Statement, has been provisionally sanctioned by the Secretary of State, and preliminary investigations to fix the final alignments of the channels and the exact site of the head works are in progress.

82. In addition to the canals actually in operation, there are altogether 56 projects which are either under construction, or awaiting sanction, or being examined by the professional advisers of Government. Of these 17 are productive, and 35 are of the protective class. They are designed to irrigate $3\frac{1}{2}$ million acres and 3 million acres respectively, at a total capital cost of 15 crores and $27\frac{1}{2}$ crores respectively: and the former are estimated to yield a net return of $8\frac{1}{2}$ per cent on the outlay. We are arranging to strengthen our establishments, to enable them to cope with the work, but even when we have obtained the full numbers we require, their energies will be strained to the utmost for many years to come.

Provincial Surpluses and Deficits.

83. At the foot of the expenditure side of the General Statement of Revenue and Expenditure, which occupies the first place in the accounts presented to Council, there will be found the following entries:—

Add—Provincial Surpluses; that is, portion of allotments to Provincial Governments not spent by them in the year.

Deduct—Provincial Deficits; that is, portion of Provincial Expenditure defrayed from Provincial Balances.

Similar entries occur in Statement B, which gives details and totals of expenditure by major heads; and the balance is struck after inclusion of the figures shown against them. In the body of the Financial Statement also references occur to the same entries. There is reason to believe that these entries are something of a stumbling block to those who are not very familiar with our accounts, and it may therefore be worth while to explain as clearly as possible what it is exactly that they denote.

84. The accounts of the Government of India include not merely the transactions of the Imperial Government itself, and of the Secretary of State, but also those of the eight Provincial Governments with which Provincial settlements have been effected and which enjoy a certain measure of financial independence. (They also include the transactions of certain Incorporated Local Funds. The explanation which I am about to offer in regard to the Provincial Governments applies, *mutatis mutandis*, to these Local Funds also, and for the sake of simplicity I shall make no further allusion to them.) It is clearly necessary that Provincial figures should be included, for otherwise the accounts we present would give a wholly misleading idea of the transactions of the Empire. For instance, in the current year, the aggregate collections of Land Revenue are expected to amount to 2,985 lakhs of rupees. Of this sum, 1,821 lakhs belong to the various Local Governments, and the Imperial share amounts to only 1,157 lakhs. It would clearly be quite incorrect and misleading if we were to show only the latter sum in our accounts. In respect of expenditure

this result would be even more marked. The total expenditure on Police, for instance, amounts to 553 lakhs, of which a little over 22 lakhs is debited to Imperial, and more than 507 to Provincial. The Imperial and Provincial figures are shown separately in the principal Statements A and B, so that any one can readily distinguish them when he desires; but it is clearly necessary that the aggregate of both sections should be combined when we are presenting the accounts of the Empire as a whole.

85. But when we speak of the net surplus or the net deficit of the year, we mean the surplus or deficit of the Imperial section only, and not that of the two sections combined. It would be quite possible to follow a different course, and either of them would be equally correct from a book-keeping point of view, provided always that we make it quite clear what it is that our surplus or deficit denotes. But there are two considerations which make it inexpedient in practice to include Provincial transactions when striking the balance of the year. In the first place, under the system of Provincial settlements, certain portions of the revenues of the country are assigned to the Local Governments, either for a term of years, or for an indefinite period, for expenditure on Provincial purposes. These revenues are the property of the Local Governments, and are not at the disposal of the Government of India for the general purposes of the Empire save in exceptional circumstances. If we were to take them into account when exhibiting our surplus, we should show the latter as something different from what it really is. Similar considerations of course apply to the Expenditure side of the account. Secondly, it is a leading principle of Imperial finance that the expenditure of the year shall be met from the revenue of the year. This principle, however, is not applicable to the Provincial Governments. When one of the latter has an excess of revenue over its expenditure, the excess stands at its credit in the books of Government, and it is allowed to carry it forward and draw upon it in subsequent years from time to time. This arrangement has been adopted advisedly in order to permit of greater continuity in the scale of expenditure on the civil administration, the bulk of which is entrusted to the Provincial Governments. The relation of the latter towards the Imperial Government is, in this respect, very similar to that of a bank's depositor towards the banker. When the latter makes out his profit and loss account at the end of the year, the excess of deposits over withdrawals constitutes a liability against himself and is of course not a portion of his net profit.

86. We have thus the following position; our accounts exhibit the combined transactions of both the Imperial and the Provincial Governments; but the surplus or deficit to be worked out must be that of the Imperial Government only. It is therefore necessary, when striking the balance, to eliminate the net transactions of the Provincial Governments, and this is effected by means of the adjusting entries to which I have referred above. When a Local Government receives revenue in excess of its expenditure during the year, or when it gets a special grant from Imperial (as not infrequently happens) the net excess is placed to its credit for the purpose of being drawn upon hereafter. In such a case the Local Government is said to have a surplus for the year. That surplus obviously constitutes a liability against the Imperial Government, and in order to provide for it, the practice is (when working out the Imperial surplus or deficit of the year) to charge it off at once as Imperial expenditure of the year, placing the amount in deposit to credit of the Local Government concerned. The effect of this is that when a Provincial surplus occurs, the amount of it is treated, for this purpose, as an *addition* to the expenditure of the year, and this explains why in the adjusting entry the Provincial surpluses are added to the Expenditure side of the account. Conversely, when the Local Government wishes to draw upon its accumulated balances, or, in other words, to spend more than its current revenue during the year, the amount of the excess—which constitutes the Provincial deficit—is similarly treated as a *deduction* from the aggregate expenditure of the year. The amount has already been charged off as Imperial expenditure in the year in which the balance accrued, and it would plainly be incorrect to show it as expenditure a second time.

87. It should be clearly understood that these additions to or deductions from the aggregate expenditure for the year are only made when we are striking the balance, and working out the surplus or deficit on the Imperial section of the accounts. When accumulated balances are actually drawn upon, then and then only is the expenditure charged under the appropriate major head.

88. A concrete illustration will perhaps serve to make the matter clearer. Three years ago, the Bengal Government received from Imperial revenues a grant of 50 lakhs for

the Calcutta Improvement Scheme. That grant formed an addition to the Provincial surplus of that year, while so far as the Imperial section of the accounts is concerned it represented actual outlay. On the other hand, though the money had been transferred to the Local Government for eventual expenditure, it had not yet been actually expended in bricks and mortar. It could not therefore be shown under the major head of expenditure to which it will eventually belong, *viz.*, 45—Civil Works. It was therefore shown under the adjusting entry, "Provincial surpluses," and formed (for the purposes of the balance) an addition to the Imperial section of expenditure. When, hereafter, the money is actually spent in carrying out works in Calcutta, the charges will be shown in their proper place under 45—Civil Works. But inasmuch as the charge has already once been shown as Imperial expenditure and has already had effect on the Imperial surplus of 1904-1905, it would be incorrect to show it a second time as affecting the surplus of the year of outlay: so the expenditure will then be debited against the Provincial balances, and will be deducted in the adjusting entry from the gross expenditure of the year as a Provincial deficit.

Note Circulation.

89. I append the usual statements illustrating the note circulation and the Government balances with the Presidency Banks. The first of the two statements shows separately (1) the gross circulation, and (2) the circulation, excluding the notes held by the Reserve Treasuries, and by the Presidency Banks at their head offices.

Circulation of Currency Notes.

[Lakhs of rupees.]

	1902-1903.	1903-1904.	1904-1905.	1905-1906.	1906-1907, (11 months).
GROSS CIRCULATION.					
Average	33,74	36,41	39,20	41,52	44,97
Maximum	35,72	38,21	42,52	44,56	47,30
Minimum	31,25	33,94	36,11	39,63	42,89
NET CIRCULATION.					
Average	25,74	28,70	30,69	32,83	35,65
Maximum	27,35	30,30	31,82	35,35	38,28
Minimum	23,93	27,44	29,63	31,06	33,08

Government Balances with the Presidency Banks.

[Thousands of rupees.]

	1901.	1902.	1903.	1904.	1905.	1906.	1907.
January	2,64,54	2,85,89	3,07,63	2,69,52	2,92,99	2,89,83	3,04,47
February	2,86,73	2,97,16	3,32,02	2,91,84	3,00,50	3,23,28	3,03,50
March	3,15,79	3,11,24	3,36,91	3,26,74	3,43,40	3,81,06	
December	2,82,02	3,05,84	2,79,07	3,01,32	2,76,70	2,97,68	

90. A bill to amend the Presidency Banks Act, by relaxing or withdrawing certain restrictions which experience had shown to be unnecessary, was passed into law on the 15th February last. It was a small and unimportant measure, the only feature in connection with which that aroused any public interest being the abandonment of the proposal to allow the Banks to borrow in London. I have already explained the reasons for this decision and need not refer to them further.

Coinage and the Mints.

91. The Indian Coinage Act of 1905 provided, among other things, for the eventual substitution of bronze for copper in the fractional coinage, and also for the introduction of a nickel coin of the value of one anna.

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Coinage and the Mints.

91. The Indian Coinage Act of 1906 provided, among other things, for the eventual substitution of bronze for copper in the fractional coinage, and also for the introduction of a nickel coin of the value of one anna.

92. The first of these measures was brought into operation from the 1st August 1906, from which date the coinage of copper ceased and the issue of bronze began. From that date to the end of February we have issued R14,91,500 worth of the new coins. The latter are of the same diameter and design as the copper coins which they superseded, but their weight is less by 25 per cent; *e.g.*, the copper pice weighed 100 grains, whereas that of the bronze pice is 75. When the original proposal was under consideration the apprehension was expressed in some quarters that the reduction in weight would cause the new coins to be viewed with suspicion and accepted with reluctance by the people. We have caused enquiries to be made on this point, and we find that nothing of the kind has occurred. On the contrary it is established that they are received and circulate with the same freedom as their predecessors. It is perhaps not generally known that when bronze took the place of copper in the coinage of the United Kingdom in 1860, the reduction in weight then made was far greater than that which was made last year in India. The old copper penny weighed one ounce, or 480 grains, whereas the standard bronze penny which took its place weighs only 145.83 grains. The saving which this large reduction effected for the British Exchequer has been estimated at about £50,000 a year. The 25 per cent reduction which we have made in this country is estimated to effect a saving of about £550 per lakh on the face value of the coins issued.

93. The issue of the nickel one-anna piece is less advanced, though substantial progress has been made. It was originally contemplated that the coin should be struck from "commercially pure" nickel. The question was, however, raised whether a cupro-nickel alloy, such as is used in the United States of America and several European countries (though not in all) does not possess germicidal properties which would make it more appropriate in this country, and after somewhat prolonged experiments, both here and at home, it was decided that the balance of advantage lay in favour of employing an alloy. The question of the design also presented much difficulty. A coin with a central perforation cannot bear the King's effigy. On the other hand, a coin with an eccentric perforation is extremely troublesome and expensive to strike. Our efforts have accordingly been directed towards turning out a coin with a scalloped edge, which will, we consider, be even more distinctive than a perforated coin. For this purpose, special machinery had to be designed and imported, and the workmen had to be trained in the use of it; and a variety of minor difficulties had to be surmounted, especially in regard to the raised rim which is less easy to get up in a workmanlike manner than in the case of a circular coin. The perseverance and ingenuity of Captain McCormick, Mint Master at Bombay, have, however, gradually overcome all the more serious difficulties, and a consignment of specimen coins struck under normal working conditions was forwarded to the Secretary of State for consideration. His Majesty the King Emperor has now expressed his approval of the design; matrices are shortly expected from the Royal Mint, and a supply of the raw material is on the way. It is anticipated that the coinage and issue of the new coins to the public will be begun at an early date.

94. In last year's Financial Statement I explained that it had been decided to spread the purchase of silver and coinage of rupees over the whole twelve months of the year, instead of waiting until the demand began to be acute and thus concentrating our transactions upon the three or four months of the busy season. We have pursued this policy during the past year. We have purchased over 12 millions worth of silver during the year, partly in India and partly in London, and by the end of the current month we expect to have coined 2,510 lakhs of rupees, inclusive of rupees supplied to Native States, and those recoined from uncurrent issues.

95. During the last five years the gross outturn of rupees at the two Mints has been as follows:—

	Lakhs.
1902-1903	11,27
1903-1904	16,17
1904-1905	10,88
1905-1906	19,60
1906-1907 (estimated)	25,10

96. This great demand, which shows no present sign of slackening, has led us to consider the capacity of the Mints. At present these, after providing for normal requirements in regard to bronze, small silver, and nickel, can turn out 9 lakhs of rupees per working day, which can be raised to 18 lakhs by means of overtime, the latter, however, not

being possible for any great length of time at a stretch. This gives a maximum outturn for a year of 266 working days of about 24 crores without overtime, and of $33\frac{1}{4}$ crores with such overtime as is possible. This is sufficient for present requirements and provides an adequate margin of safety. The demands on us have, however, grown rapidly of recent years, and it would be very difficult to make a sudden expansion in our manufacturing power if we should be called on to increase the output at short notice. We have therefore decided, *ex majore cautela*, to take steps for this in advance. We are extending the buildings of both Mints, we are introducing electric power at Calcutta, and have ordered a considerable quantity of additional plant. When this is installed and in full working order, the capacity of the two Mints will have been raised to 36 crores a year working ordinary hours, and to $47\frac{1}{2}$ crores with overtime. These figures are considered to be ample for any period which it is necessary for us to take into account.

The Gold Standard Reserve.

97. In the Financial Statement for 1905-1906 I explained the nature of the silver ingot reserve and the objects which we had in view in creating it. It originally consisted of a stock of silver bullion, assayed and prepared for coinage, and cast in the form of standard ingots. Its amount was fixed at 300 lakhs of tolas, and it was held as a part of the Paper Currency Reserve. It provided a source from which additions could be made to the supply of coined rupees more rapidly than if bullion for new coinage had to be purchased and imported from Europe as required.

98. In the Financial Statement for last year I mentioned that the ingot reserve had proved of great service, and that it had been decided to increase its amount to 600 lakhs of tolas. I also stated that further important developments of this reserve were then in contemplation. These have now been carried into effect, with the approval of the Secretary of State, and I proceed to explain of what they consist. It is desirable to state the facts with some fulness, as from what has appeared in the London press and from representations received from some of the Chambers of Commerce, it seems that some misapprehension has arisen on the subject in certain quarters.

99. The changes which we have introduced are two. Firstly, we have decided to remove the reserve of silver bullion from the Paper Currency Reserve, and to hold it as part of what was formerly styled the Gold Reserve Fund. Secondly, when it is so held, we have come to the conclusion that there is no object in keeping the bullion in an uncoined or partially coined state, and that the balance of advantage lies in holding it in the form of fully coined rupees.

100. The reason for the first of these measures was that when it became necessary to increase the amount of the ingot reserve, there was no longer room for it in the Paper Currency Reserve, and this applied equally whether the silver was held in the form of bullion or of fully coined rupees.

101. The primary and essential object of the Paper Currency Reserve, and that for which it has been created by law, is to provide for the encashment of currency notes on demand. For this purpose the law requires that for every note that is issued, in excess of the statutory investment, which at present is fixed at 12 crores of rupees, the Currency Reserve shall always contain an equal sum in legal tender coin or in bullion. It is quite legitimate that uncoined bullion should form part of the metallic portion of the Reserve, because it can be converted into legal tender coin in a very short time by the mechanical process of coining. But, though the time is short, it is still appreciable; in the case of bullion in ingot form it is not less than four days, and it can scarcely be reduced to less than three in any event. It is therefore manifest that uncoined bullion in the Currency Reserve is not quite so immediately effective for the purpose of encashing notes as an equal amount of coined money would be.

102. So long as the uncoined bullion bears only a comparatively small proportion to the coined money in the Reserve this relative disability is of little consequence; for in the event of heavy demands for trade or other purposes there would be ample time to complete the process of coinage before the stock of coin was reduced too far. When, however, the proportion of uncoined bullion is more considerable, this condition is no longer fulfilled. The value of the metallic reserve is limited by the volume of the note circulation and the amount of the paper currency investment (which last may be regarded as fixed), and all bullion held within the Currency Reserve must therefore displace legal tender coin of equal value. In these circumstances it can easily

be demonstrated that it is not possible to maintain a store of 600 lakhs of tolas of uncoined silver (approximately equivalent in value to four crores of coined rupees) within the Currency Reserve. If we take the note circulation at the beginning of the busy season at 42 crores, and if we estimate that 18 crores is a safe though not excessive rupee balance with which to begin that season, it will be seen that the Currency Reserve would then be constituted as follows :—

(1) Investment	12 Crores.
(2) Coined rupees	18 „
(3) Uncoined bullion, 6 crores of tolas, equal to	4 „
(4) Gold	8 „
TOTAL	42 „

103. It would clearly be wasteful to reduce the investment, which is even now of moderate amount in proportion to the volume of the note circulation. As regards the metallic portion of the Reserve, it will be seen that the stock of gold would amount to only £5½ millions sterling. This is clearly insufficient for our needs. We require to keep from four to five millions sterling in the currency chest in London, primarily for the periodical purchase of silver, and also for the various subsidiary purposes explained in paragraph 75 of last year's Financial Statement; and when provision has been made for this, there would remain a sum of only £1½ millions at most with which to meet even the present demand for gold as a circulating medium in India. Nothing at all would be left in this country for contingent requirements, and in the event of an incipient drain of gold setting in, we should be driven back at once upon the London currency chest and the Gold Reserve Fund.

104. If we substitute coined rupees for the uncoined bullion in the Currency Reserve, the difficulty in regard to the prompt encashment of notes is no doubt removed. But the second and more serious difficulty, *viz.*, the reduction in the stock of gold, remains as before. The stock of rupees in the Currency Reserve can only be increased by reducing the stock of gold, and that cannot safely be done except within comparatively narrow limits.

105. When therefore experience had shown that the amount of the ingot reserve (or its equivalent in coined rupees) must be doubled, it at once became clear that there was no longer room for it in the Currency Reserve, and that other arrangements must be made.

106. The ideal method of maintaining a reserve of bullion for coinage purposes would be to purchase it from revenue or from loan funds, and to replenish it from the same sources as required from time to time. It would then form a stock of raw material for manufacture, held in exactly the same way as we hold stocks of rails or girders, or military stores for mobilisation. This plan, however, had to be discarded because of its costliness. It would have involved, either the reduction of our cash balances by about £2½ millions sterling, which it was quite beyond their capacity to bear, or the borrowing of an equivalent amount, which would have imposed a permanent charge of some £80,000 a year on Indian revenues, not to mention the impolicy of increasing our loans beyond the considerable sum already required for productive capital expenditure. This objection applies equally if the reserve bullion, instead of being held in that form, is coined into rupees, the latter being held in reserve apart from our ordinary balances.

107. In these circumstances, we came to the conclusion that the most appropriate course was to hold the bullion (or the rupees into which it was coined) in the Gold Reserve Fund. In this course there is nothing inconsistent with the purposes for which that fund was created. Hitherto, when silver has been purchased for coinage, the procedure, when stripped of incidental complications, has been as follows :—First, we pay for the silver with gold which is either actually or constructively withdrawn from the Paper Currency Reserve for the purpose. Secondly, we coin into rupees so much of the bullion as is required, at the standard rate of exchange, to replace the gold, thus bringing up the reserve to the amount required by law. Thirdly, the surplus bullion also is then coined into rupees, the amount thus obtained constituting the “profit on coinage” from which the Gold Reserve Fund has been built up. Fourthly, these last-named rupees are exchanged for gold. Lastly, the gold is remitted to England for investment in interest-bearing sterling securities. Under the arrangement now introduced, with the approval of the Secretary of State, this process will be arrested—but

only temporarily arrested—at the end of the third stage, *i.e.*, the rupees which form the “profit on coinage”, instead of being at once exchanged for gold and invested in sterling securities, are retained intact until required for actual use. They are held entirely apart from our Treasury balances. They will eventually be exchanged for gold and invested, but this process will be deferred till the demand for rupees requires it. It is true that the amount thus held uninvested is not earning interest in the meantime. The practical effect of the new system is in fact to make the Gold Reserve Fund bear the charge for interest on the capital locked up in the stock of rupees which has taken the place of the ingot reserve instead of imposing it on current revenues. Having regard however to the rapid growth of the fund during the past five years, we are of opinion that the question of its further accretion by interest is now of less importance than the formation and maintenance of a sufficient reserve of silver bullion, or of fully-coined rupees in lieu of bullion. Moreover, as is shown below, there will be no prolonged retardation or stoppage of the growth of the gold reserve.

108. The following illustration shows clearly the way in which the stock of bullion was actually built up within the Gold Reserve Fund during the present year. Early in the year, we purchased one million sterling worth of standard silver at approximately 30*d.* an ounce. This gave us about 215 lakhs of tolas. Out of this amount, 150 lakhs of tolas were coined into an equal number of rupees, which were placed in the Currency Reserve to replace the one million sterling spent in the purchase of the silver. The Mint charge for seignorage amounted to four lakhs, and about one lakh was required for the cost of freight and insurance and other miscellaneous charges. There remained a surplus of about 60 lakhs of tolas, which represented the net profit on the coinage of 1½ crores of rupees, and these were placed, in a partially coined state, in the Gold Reserve Fund. They have since been coined into rupees, and these are held as a part of the Gold Standard Reserve, and are quite separate from our ordinary Treasury balances. The intention is to continue this process, so long as new coinage continues, until we have accumulated a total stock of 600 lakhs of rupees. We are now within measurable distance of reaching that figure.

109. To utilize this reserve, if circumstances should require it to be drawn upon, we should transfer from it to the Currency Reserve the amount required at the moment, say 150 lakhs of rupees, and credit the Gold Reserve Fund with the equivalent in gold, *i.e.*, one million sterling. This credit would be made either in India or in England as might be more convenient at the time. Of this gold a sum worth about 60 lakhs of tolas of bullion (£280,000, if silver were at 30*d.* an ounce) would be applied for investment in sterling securities as part of the Fund—that amount being the net profit on the coinage of 150 lakhs of rupees—while the remainder would suffice for the repurchase of the amount of silver which had been withdrawn from our stock, *viz.*, 150 lakhs of tolas, besides meeting the seignorage and miscellaneous charges. The stock of rupees in the reserve would thus be automatically restored to its full amount.

110. In connection with the new arrangement, we have deemed it expedient to change the name of the Gold Reserve Fund, which will henceforth be known as the Gold Standard Reserve. This change of designation does not connote any alteration in the objects of the fund. The original title might be deemed to indicate that the fund consisted exclusively of gold, either liquid or in the form of sterling securities. That would no longer be strictly correct, inasmuch as a part of it will henceforth be kept in the form of silver. This criticism cannot be applied to the new nomenclature. The primary object of the fund, now as formerly, is the effective maintenance of the gold standard, and its protection against whatever dangers may assail it. For this purpose it must always contain a large stock of gold or gold securities in a readily convertible form, on which we could draw in the event of the balance of trade turning against India and the Secretary of State being temporarily unable to find a market for his Council Bills without forcing down exchange. Hitherto, however, this danger has not actually presented itself, whereas, on the other hand, we have more than once been confronted with a temporary deficiency in our stock of rupees and with a difficulty in procuring new ones with sufficient promptitude. It is equally legitimate to employ the reserve, by whatever name it be called, to provide against this danger also.

111. It has been supposed in some quarters that the intention was to provide the stock of silver (whether of bullion or of rupees) within the Gold Standard Reserve, by selling out part of the gold securities of which the latter consists. It is true that circumstances might arise in which this course might conceivably become necessary

and legitimate. But they have not yet arisen, and the explanation given above will, I hope, make it clear that we contemplate no such measure as part of the normal procedure. In ordinary circumstances we propose to accumulate the desired stock by the simple process of abstaining from immediately converting the profits of coinage into gold.

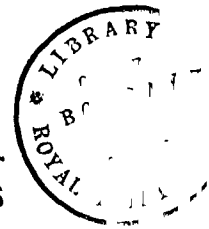
112. The second of the two changes referred to in paragraph 99 above is of minor importance. According to the original plan the partially coined bullion was held in the form of ingots, assayed and alligated. We have now decided to complete the process of coinage, and to hold our stock of reserve silver in the form of fully coined rupees. The sole object of this step is to get rid of the delay that would occur before the bullion would be ready for issue in the form of legal tender coin. In paragraph 61 of the Financial Statement for 1905-1906, I gave reasons, which were, I think, valid at the time, for not adopting this course. These, however, no longer hold good. At that time the ingot reserve was held in the Currency Department. Had the bullion been coined into rupees, they must either have been merged in the ordinary stock of the Currency Reserve (which would have deprived the ingot reserve of all independent existence), or they must have been kept arbitrarily apart therefrom, which would have been difficult for the public to understand, and which is in no way contemplated by the Currency Act. Now, however, the silver reserve has no connection whatever with the Paper Currency Reserve, and is also held wholly apart from and outside our ordinary Treasury balances, and no risk of confusion can arise whether the form in which it is held consists of fully coined or of only partially coined rupees. In these circumstances, there seems no object in retaining it in a partially coined state, and it has therefore been arranged, with the approval of the Secretary of State, to extinguish the delay altogether by completing the operation of coinage at once.

E. N. BAKER.

March 20, 1907.

PART II.

BEING A MEMORANDUM BY THE FINANCIAL SECRETARY EXAMINING THE DETAILS OF THE ACCOUNTS AND ESTIMATES.



Section I.—The Accounts of 1905-1906.

113. The Accounts of the year show a surplus of £2,091,854, being better by £336,154 than the surplus of £1,755,700 anticipated in the Revised Estimates framed in March last. 1905-1906.
General Result
of Accounts.

The variations between the figures finally entering into the Accounts and those taken in the Budget and Revised Estimates of the year are fully explained in the Appropriation Report published in the *Gazette of India* of the 9th instant.

114. The following is a general comparison of the Revised Estimates with the Accounts of the year, after an adjustment of the Railway figures as explained in paragraph 7:— 1905-1906.
Statement of the
gross figures.

	Revised.	Accounts.	Accounts, better.	Accounts, worse.
Total Revenue, Imperial, Provincial and Local	£ 73,199,200	£ 73,327,957	£ 128,757	£
Total Expenditure, Imperial, Provincial and Local	71,363,100	71,212,109	150,991	
Adjustment of Provincial and Local Surplus or Deficit	80,400	23,994	56,406	
NET	71,443,500	71,236,103	207,397	
SURPLUS	1,755,700	2,091,854	336,154	

115. The revenue was higher, and the total expenditure smaller, than the estimate, the net improvement being £279,748. But as the Provincial and Local section of the accounts was worse by £56,406, the Imperial section was better by £336,154. 1905-1906.
General Remarks.

116. Out of this total improvement of £336,154 in the Imperial Section, £330,660 is accounted for by decreases of £284,966 and £45,694 in the net Army Expenditure and in the expenditure on Special Defence Works respectively. The Army receipts exceeded the Revised Estimate by £111,796, of which £82,500 represented a payment made by the War Office towards the end of March on account of the cost of five Native Infantry regiments employed in the Colonies. The receipts from the sale of unserviceable Ordnance Stores and Camp Equipage also exceeded anticipations. The Army expenditure was less than was expected by £173,170, of which £142,933 occurred in the payments to the War Office on account of reorganisation stores. There was also a considerable saving on the estimate of the extra expenditure in connection with the concentration of troops near Rawalpindi on the occasion of the visit to India of His Royal Highness the Prince of Wales. The saving under Special Defence Works was in the payments to the War Office on account of stores. 1905-1906.
Saving in Army
and Special
Defence Works
Expenditure.

117. The Railway Revenue Account was worse by £23,534. The gross earnings fell short of the Estimate by £64,052, while the Working Expenses exceeded it by £39,428, giving a total worseness of £103,480; but this was partly counterbalanced by a decrease of £72,575 in the payments of the surplus profits of Guaranteed Railway Companies, the payment due to the Bombay, Baroda and Central India Company for the half-year ending 31st December 1905 not having been made till after the end of the year. There was a small net decrease in the other charges appertaining to the Railway Revenue Account. The falling-off in the earnings occurred mainly on the Eastern Bengal, Rajputana-Malwa, 1905-1906.
Railway Revenue
and Working
Expenses.

Indian Midland, and Great Indian Peninsula Systems, while there was an increase on the East Indian and Oudh and Rohilkhand Railways. The bulk of the increase in Working Expenses occurred on the East Indian, North-Western, Oudh and Rohilkhand and Bengal-Nagpur Railways, the only line on which there was an important decrease being the North-East line of the Madras Railway.

1905-1906.
Deficiency in
Land Revenue
collections.

118. The collections of Land Revenue, including the share due to Irrigation, fell short of the estimate by £109,752. The more noticeable decreases occurred in Bombay (£56,977) owing to an under-estimate of the suspensions necessitated by unfavourable agricultural conditions, and in Burma (£46,567) and the Central Provinces and Berar (£30,419), due to an over-estimate of the normal demands of the year.

1905-1906.
Other variations
under Revenue.

119. Of the total improvement of £279,748 over the Revised Estimate, £197,374 is thus accounted for by the variations mentioned above in the Expenditure on Army and Special Defence Works and under Land Revenue and the Railway Revenue Account. The remainder of the improvement (£82,374) is the net result of an increase of £230,193 in the receipts and of £147,819 in the expenditure under other heads. The more important items which contributed to the increase in Revenue are: Salt (£39,710), Stamps (£58,664), Excise (£34,320), Provincial Rates (£23,451), Customs (£23,117), and Miscellaneous (£35,400). There was, on the other hand, a decrease of £21,720 in the opium revenue, due to unusually low issues of Malwa opium in March. The issues of Northern India salt in March were exceptionally high, while there was an increase in the Stamp Revenue of most of the Provinces. Under Excise and Customs sufficient allowance had not been made for the heavy clearances from bond of country spirits made after the European method and for the imports of foreign spirits in anticipation of the rise in duty. The bulk of the increase under Provincial Rates was in Madras and Bombay, while under Miscellaneous the amount of unclaimed deposits lapsing to Government was underestimated in several provinces.

1905-1906.
Other variations
under Expendi-
ture.

120. The excess of £147,819 in expenditure was the net result of increases and decreases under a number of heads, the only noticeable items being an increase of £42,708 under Education and of £25,600 under Miscellaneous, and a decrease of £28,247 under Minor Works and Navigation. The increase under Education resulted chiefly from heavier payments for building and furniture grants in Burma, the United Provinces, Punjab and Bombay. Grants-in-aid unexpectedly sanctioned towards the close of the year to the Moulmein, Bellary and Ootacamund Municipalities swelled the charges under Miscellaneous; and there was also an increase in the charges connected with the visit of His Royal Highness the Prince of Wales, and in those for interest on loans taken by Native States but payable by Government under the terms of the Delhi Durbar concession. The saving under Minor Works occurred chiefly in the Central Provinces, Burma, Bengal, the United Provinces, and Bombay.

1905-1906.
Decrease in
Provincial and
Local Surplus.

121. The decrease in the Provincial and Local surplus was the outcome of an increase of £44,799 in the Provincial and Local Revenues, mainly under the heads mentioned in paragraph 119, and of an increase of £101,205 in the Provincial and Local Expenditure, chiefly in the charges of the several Civil Departments.

Section II.—The Revised Estimate of 1906-1907.

1906-1907.
Statement of the
gross figures.

122. The following is a general comparison of the Revised Estimate with the Budget Estimate of 1906-1907:—

	Budget.	Revised.	Revised better.	Revised worse.
	£	£	£	£
Total Revenue	73,711,100	75,626,900	1,915,800	...
Total Expenditure	73,914,600	73,687,300	227,300	...
Adjustment of Provincial and Local Surplus or Deficit	—1,077,600	613,500	...	1,691,100
NET	72,837,000	74,300,800	...	1,463,800
SURPLUS	874,100	1,326,100	452,000	...

123. As explained in paragraph 7, the Working Expenses of State Railways and the surplus profits paid to Companies working State lines have been deducted from the gross earnings of State Railways, and only the net earnings have been included as revenue in the figures for both the Budget and Revised Estimates for the year.

1906-1907.
Railway earnings
shown net.

124. Of the increase in the total Revenue and decrease in the total Expenditure, an increase of £753,400 in Revenue and of £301,400 in Expenditure appertains to the Imperial Government, and the net outcome is the improvement of £452,000 in the Surplus shown in the table. In the Provincial and Local Section there is an increase in revenue of £1,162,400 and a decrease in expenditure of £523,700, or a total improvement of £1,691,100. The result is that the Local Governments, instead of drawing upon their balances to the extent of £1,077,600, as provided in the Budget, will add £613,500 to their accumulated balances.

1906-1907.
General Remarks.

125. Of the increase in the revenue of Provincial Governments, however, the major part is due to assignments from the Imperial Revenues in excess of the amounts provided in the Budget. If these transfers were eliminated, the true increase of revenue in the Imperial Section would be £1,482,400 and in the Provincial and Local Section it would be £433,400. The excess transfer of Imperial Revenue to Provincial Governments has thus been £729,000, made up as follows. As explained in paragraph 28 an initial lump grant of R50,00,000 has been made to the Provincial Revenues of Burma to start the new settlement which comes into effect from 1907-1908. A special assignment of R40,67,000 has also been made, as explained in paragraph 57, to the Provincial Governments of the United Provinces and Bombay to cover the expenditure incurred by them on famine relief in 1905-1906 and 1906-1907. During the course of the year it was also found that the new settlement concluded with Eastern Bengal and Assam was unfavourable to the Local Government and it was accordingly decided to raise the annual assignment by R6,83,000. Assignments amounting to R2,46,000, R6,94,000 and R78,000 were sanctioned during the year to Local Governments for expenditure on European and Eurasian Education, Minor Irrigation Works and Archæological works respectively. For these objects lump provisions had been made in the Budget under Imperial Expenditure pending distribution of the allotments among the several Local Governments. A special assignment of R1,67,000 has also been sanctioned to the Government of Bengal for an increase in the cadre of Deputy Magistrates. The total additional assignments thus made in the current year to Provincial Governments, in addition to the assignments provided in the Budget, amount to R1,09,35,000 or £729,000, and have the effect of reducing the Imperial share of Land Revenue receipts to that extent by a corresponding increase in the Provincial share.

1906-1907.
Special
assignments to
Local
Governments.

126. The more important variations leading to the large improvements in the Revised Estimate of Revenue are the following:—

1906-1907.
Variations in
Revenue.

	Imperial.	Provincial and Local.	Total.	Total.
	R	Rs	R	£
<i>Increases—</i>				
Opium	1,16,49,000	...	1,16,49,000	776,600
Mint	32,07,000	...	32,07,000	213,800
Exchange	23,00,000	...	23,00,000	153,300
Miscellaneous	23,32,000	—1,12,000	22,20,000	148,000
Interest	13,65,000	72,000	14,37,000	95,800
Land Revenue (including that due to Irrigation)	—96,15,000	1,23,18,000	27,03,000	180,100
Stamps	3,77,000	3,93,000	7,70,000	51,300
Excise	6,20,000	7,21,000	13,41,000	89,400
Assessed Taxes	5,64,000	4,52,000	10,16,000	67,700
Post Office	5,81,000	—6,000	5,75,000	38,300
Civil Works	1,28,000	4,78,000	6,06,000	40,400
Major Irrigation Works	9,74,000	24,17,000	33,91,000	226,100
Army Services	7,62,000	...	7,62,000	50,800
<i>Decreases—</i>				
Customs	23,44,000	13,000	23,57,000	157,100
Salt	15,85,000	65,000	16,50,000	110,000
Net receipts from Railways	7,05,000	—14,000	6,91,000	46,100

1906-1907.
Opium, Mint,
Exchange,
Miscellaneous
and Interest.

127. By far the largest increase in Imperial revenue occurs under Opium. The price of Bengal opium continued high throughout the year, the average price obtained at the monthly sales being R1,391 per chest against R1,125 assumed in the Budget, thus contributing a revenue of R1,40,33,000 in excess of the Budget Estimate. The exports of Malwa opium on the other hand have declined very seriously and there is a decrease in the receipts from duty of R24,25,000 compared with the Budget Estimate. The Miscellaneous receipts under the head, including cost price of opium sold in the Excise Department, are R41,000 more than the Budget. The net increase under the head is thus R1,16,49,000 (£776,600). The seignorage duty on the exceptionally heavy silver coinage of the year is mainly responsible for augmenting the Mint receipts to the extent of R32,07,000 (£213,800). The average rate of exchange obtained for Council Bills has been favourable and the sale of Bills has been very heavy; the receipts under the head Exchange thus having increased by R23,00,000 (£153,300). Of the increase of R22,20,000 (£148,000) under Miscellaneous, R16,67,000 represents two instalments of the Tibet indemnity, R1,34,000 the value of old outstanding currency notes which has been credited to Government on the assumption that they are no longer in circulation, and R1,81,000 an excess credit in Bombay on account of the adjustment of the cost of famine labour employed on relief works. The interest realised on the investment of the cash balances in England and on the Paper Currency investments is expected to exceed the Budget Estimate by £127,900; while out of the interest due on the Calcutta Port Trust Loans R5,96,000 is not expected to be paid in until next year.

1906-1907.
Land Revenue
and other heads.

128. Under Land Revenue there is an excess of R39,12,000 in Bombay, due partly to an under-estimate of the current demand and partly to better collections in consequence of the more favourable agricultural conditions. The collections in Eastern Bengal and Assam, Punjab, North-West Frontier Province and Madras are also expected to exceed the Budget by R2,00,000, R10,03,000, R1,09,000, and R9,60,000, respectively. Most of the other provinces show a decrease; the most notable item being one of R21,00,000 in Burma, due to floods and scarcity in some parts of the province. The very large figures shown under this head in the Imperial and Provincial Sections are, in a great measure, the result of the assignments of R1,09,35,000 as explained in paragraph 125; the transfer of this amount accounts for the minus figure in the Imperial column. The increases under Stamps, Excise, Assessed Taxes, and Post Office, and some minor increases under Forest and Registration, represent the normal growth of the revenues generally throughout the country at a somewhat more rapid pace than was allowed for in the Budget Estimates. The only points worth special mention here are that the growth of the Stamp revenue in Bombay and the Central Provinces, and of Assessed Taxes in Burma, has received a check in the current year, there being a decline of R1,80,000 and of R84,000 under the former head in the two provinces respectively and of R40,000 in the latter as compared with last year. The Budget provided for a falling off of R14,000 in the Stamp revenue of the Central Provinces and for improvements of R50,000 in both the Stamp revenue of Bombay and the Assessed Taxes receipts of Burma. The bulk of the increase under Direct Receipts from Major Irrigation Works occurs in the United Provinces and the Punjab, and is due to the development of irrigation, partly under normal conditions and partly in consequence of the dryness of the seasons having increased the demand for canal-water. Under Civil Works there is an increase in all the provinces except the United Provinces, where there is a small decrease. The increase is mainly in rents of buildings, receipts from ferries and tolls and in the profits of the Darjeeling-Himalayan Railway. There are also some special receipts in the Punjab from the sale of lands in the Hissar District and in Bombay from the sale of some buildings. The improvement in the Army receipts is mainly due to the large sale of ordnance stores to Native States, to an abnormal sale of unserviceable ordnance and other stores, to increased receipts from clothing stores, and to a special receipt from the War Office on account of furlough pay of Native troops earned while on field service in China and Somaliland and specially granted to them on return to India. On the other hand the receipts from the sale of malt liquor and from dairy farms are smaller than had been anticipated.

1906-1907.
Customs Revenue.

129. The decrease under Customs occurs chiefly, (1) in the duty on spirits and liqueurs, the imports having diminished in consequence of the heavy stocks

laid in at the close of last year in anticipation of the increase in the rate of duty ; (2) in the export duty on rice, the scarcity and the consequent high prices ruling in India throughout the year having diminished the exports from Bengal and having also led to the diversion of a large portion of the Burma exports from foreign to Indian ports ; and (3, in the import duty on cotton manufactures. On the other hand, there has been an appreciable increase in the imports of silver and of sugar, the latter chiefly from Germany and Java.

130. Of the decrease under Salt Rs 8,00,000 is the anticipated result of the reduction of the duty during the last 12 days of the year. Apart from this there is an increase in Bengal while there is a large decrease in Madras and Northern India, amounting in the former case to nearly 10 lakhs. The Budget Estimate of Madras was based on the actuals of the previous year and sufficient allowance was not made for the higher rate at which duty was realised in that year on the credit sales outstanding at the close of 1904-1905. The decline in Northern India is attributed to traders deferring their purchases towards the close of the year in the hope of a reduction in the duty.

131. As regards Railways there is an improvement of Rs 48,40,000 (£ 322,700) in the gross earnings, but this is swallowed up by a larger increase in the Working Expenses. The chief variations occur in the following lines :—

	INCREASE + ; DECREASE —.		
	Gross Receipts.	Working Expenses.	Net Receipts.
East Indian	+ 20,00,000	+ 43,77,000	— 23,77,000
Rajputana Malwa	— 10,00,000	+ 6,60,000	— 16,60,000
Bengal Nagpur	— 5,00,000	+ 10,00,000	— 15,00,000
Eastern Bengal	+ 25,00,000	+ 4,50,000	+ 20,50,000
North Western	+ 15,00,000	— 23,50,000	+ 38,50,000
Indian Midland	+ 19,50,000	+ 9,50,000	+ 10,00,000
Great Indian Peninsula	— 30,00,000	— 7,25,000	— 22,75,000

132. The improvement in traffic receipts on the East Indian Railway is ascribed to a great increase in the long distance carriage of coal : on the Eastern Bengal State Railway to a big jute trade and to heavy movements of grain in consequence of scarcity in Eastern Bengal ; on the Indian Midland Railway to an improvement in traffic in food grains and other merchandise and on the North Western Railway to greater mileage and to good seasons. The Rajputana Malwa and the Great Indian Peninsula systems suffered from the unfavourable agricultural conditions in Western India, and carried less raw cotton and grain than they had budgeted for. The increase in Working Expenses, wherever it occurs, is mainly explained by the cost of handling the increased traffic, by heavy renewals of way and works, and partly also by the high cost of coal. The North Western Railway, on the other hand, has been unable, through the late delivery of sleepers, to carry out the improvements in its permanent way for which provision was made.

133. The excess of Imperial expenditure over the Budget provision amounts, as mentioned in paragraph 124, to £ 301,400 (Rs 45,21,000). The more important variations which have led to this increase are the following :—

Increases—	R	
	Rs	£
Famine Relief and Insurance	28,21,000	188,100
Gross charges for Interest on Debt	15,87,000	105,800
Political	8,16,000	54,400
General Administration	4,58,000	30,500
Opium	6,83,000	45,500
Stationery	10,09,000	67,300
Miscellaneous	6,76,000	45,100
Guaranteed Railways surplus profits, etc.	6,22,000	41,400
Decreases—		
Scientific and other Minor Departments	5,04,000	33,600
Subsidized Companies, Land, etc.	5,58,000	37,200
Minor Works and Navigation	14,60,000	97,300
Military Works	6,52,000	43,500
Special Defences	13,53,000	90,200
Army Services	2,19,000	14,600

1906-1907.
Salt Revenue.

1906-1907.
Net earnings of
Railways.

1906-1907.
Variations in
Imperial
Expenditure.

- 1906-1907. 134. The largest of the above items is the result of a saving of R28,22,000
Famine Relief and Insurance. (£188,100) on the Provincial allotments for Famine Relief Expenditure. Inas-
 much as the total grant for Famine Relief and Insurance is a fixed amount of
 R1,50,00,000 (£1,000,000), any reduction in the share of it that may have been
 provided in the Provincial section necessitates a corresponding increase in the
 Imperial allotment, which is taken under the head Reduction of Debt. There
 are also savings on the allotment for Imperial Expenditure on Famine Relief
 and Protective Irrigation Works, but these do not enhance the Imperial surplus
 as their effect is to cause a corresponding increase under Reduction of
 Debt. The net increase in the Imperial Expenditure for Famine Relief and
 Insurance is thus the exact amount of the saving on the allotment for
 Provincial Expenditure for the purpose. The measures explained in paragraphs
 48 to 56 will stop the anomalous arrangement by which a decrease in the
 Provincial Expenditure on Famine Relief had the effect of reducing the Imperial
 surplus of the year and *vice versa*.
- 1906-1907. 135. The next largest increase in Imperial Expenditure has occurred under
Interest Charges. Interest, the increase being R15,87,000 (£105,800), of which R2,00,000
 (£13,300) in India is more than explained by higher charges for discount and
 interest on the new loan raised during the year; and £92,400 in England is
 covered by the discount on the India 3 per cent stock of £2,000,000 raised there.
- 1906-1907. 136. The increase under Political is due to the expenses connected with the
Political and General Administration. tour of His Majesty the Amir in India, partly counterbalanced by a saving in
 consequence of His Majesty not having drawn during the year the full amount
 provided in the Budget on account of his subsidy. The bulk of the increase
 under General Administration has been contributed by the expenses of the State
 visit to Agra.
- 1906-1907. 137. The actual outturn of the opium crop of the year was larger than
Opium Expenditure. expected and there is an increase of R6,53,000 in the expenditure under the head
 Opium, mainly to cover additional payments to cultivators.
- 1906-1907. 138. The bulk of the increase under Stationery and Printing occurs in
Stationery and Printing charges. England in the charges for Stores. In India also there is an increase of R5,67,000
 chiefly in the charges of the Government of India Central Press and for purchase
 of Central Stores; but the latter item has been partially counterbalanced by larger
 recoveries from Local Governments on account of supplies made to them.
- 1906-1907. 139. Under Miscellaneous, the increase is due to arrear charges con-
Miscellaneous. nected with the visit of His Royal Highness the Prince of Wales and to
 the cost of the special Commissions of Enquiry appointed during the year.
- 1906-1907. 140. No provision was made in the Budget Estimate for payment of surplus
Surplus Profits, etc., of Guaranteed Railway Companies. profits of Guaranteed Railway Companies; but the Bombay, Baroda and Central
 India Railway Company drew their share for the half-year ending 31st December
 1905 and some arrears of previous half-years in the current year. The
 Madras Railway also has unexpectedly earned surplus profits in the first half
 of 1906.
- 1906-1907. 141. The variations in the ordinary and special expenditure under Army
Army Expenditure. are as follows:—

	India.		England.	TOTAL.
	R	£	£	£
ORDINARY—				
Budget .	20,14,51,000	13,430,100	4,558,000	17,988,100
Revised .	20,20,44,000	13,469,600	4,681,200	18,150,800
Increase .	5,93,000	39,500	123,200	162,700
SPECIAL—				
Budget .	1,22,08,000	813,800	1,044,800	1,858,600
Revised .	1,09,88,000	732,500	948,800	1,681,300
Decrease .	12,20,000	81,300	96,000	177,300
Net decrease .	6,27,000	41,800	207,200	14,600

142. The increase in the ordinary expenditure in England is due, to the extent of £46,000, to the engagement of two fresh ships for an accelerated service and to the conveyance of a larger number of troops partly from South Africa and to the trooping voyage of the Royal Indian Marine Ship "Dufferin". There are also increases of £50,000 in the furlough allowances of officers of the Indian service; of £16,000 in furlough pay during the voyage of British forces on the Indian Establishment; and of £48,200 in the payments to the War Office on account of the effective and non-effective charges of the British Troops serving in India. These increases have however been partially counterbalanced by a saving on the estimate for Stores. Of the increase in India, Rs. 4,50,000 are on account of the expenses for the concentration of troops at Agra in connection with the visit of His Majesty the Amir, and the balance is the net result of a number of increases and decreases due to a variety of causes. The chief increases are :—

	R
(1) Charges for food supplies and compensation for dear- ness of food and forage in consequence of the prevalence of high prices	17,00,000
(2) Service pay of British soldiers	2,00,000
(3) Pay of British Officers owing to an over-estimate of the savings due to absence on leave, etc.	2,00,000
(4) Charges for the Tibet Mission due to high prices of food supplies	2,98,000
(5) The share of the charges for bounties to time-expired British soldiers which has been debited to ordinary Expenditure, the remainder being treated as Special Expenditure	1,90,000
(6) Compensation in lieu of clothing to British troops	2,00,000
(7) Sea transport charges and conveyance of stores	2,00,000
(8) Purchase of Camp Equipage	1,10,000

The chief decreases are :—

(1) Pay of British troops, owing to short strength	5,00,000
(2) Native Army Reserve	3,00,000
(3) Smaller purchase of malt liquor	3,65,000
(4) Ditto of medical supplies	1,70,000
(5) Ditto of transport animals, remounts and ordnance mules	2,00,000
(6) Reduction in the Army Bearer Corps	1,25,000
(7) Grass and Dairy farms	1,35,000
(8) Savings in pay of officers and establishments of Supply and Transport Corps	1,50,000
(9) Savings under officers of the Indian Army, unattached etc.	1,70,000
(10) Charges of the Aden Delimitation Commission conse- quent on the demobilisation of the force at D'halala	2,38,000

143. The saving in special expenditure has occurred chiefly (1) in the reorganisation of horse and field batteries, the original plans having been materially modified on the advice of the Army Council and certain details not having been finally decided yet; (2) on the provision for purchase of land and new regimental lines in connection with the redistribution scheme; (3) on the provision for increase in reserves of rifles and artillery rearmament, the manufacture of rifles by the Ishapore Rifle Factory and of guns by the Cossipore Factory having been smaller than expected; and (4) on the provision for increase of Native Army Reserves owing to the enrolment of additional reservists not having come up to expectations. A part of the savings has, however, been applied to (1) the constitution of a new Chief of the Staff's Division at Army Head-quarters, the larger portion of the establishment having been obtained by transfer from the divisions of the Adjutant General and Quarter Master General; (2) the grant of concessions to the Native Army in the shape of increased kit-money on enlistment, an annual grant for boots and larger facilities for visiting their homes in the hot weather; and (3) the payment of bounties to time-expired British soldiers to induce them to continue their service in India. A part of this expenditure will be borne by His Majesty's Government and, pending settlement of the exact allocation, the expenditure which is likely to be ultimately recovered has been debited to ordinary expenditure.

1906-1907.

*Minor Works and
Navigation,
Special Defences.*

144. The most important lapses on the grants for Imperial Expenditure are R14,60,000 (£97,300) under Minor Works and Navigation and R13,53,000 (£90,200) under Special Defences. The Budget provided for a reserve under the former, to assist provincial schemes; but only a part of this has been allotted to Local Governments and the expenditure is shown as Provincial. The balance has not been utilised. It has not also been found possible to spend during the year the whole allotment made for Special Defences, and there is a saving of R6,33,000 (£42,200) in India and £48,000 in England; a reconsideration of the armament required for port defences delayed the utilisation of the Budget provision in full.

1906-1907.
*Scientific, &c.,
Subsidised
Companies,
and Military
Works.*

145. Of the saving under Scientific and other Minor Departments £20,500 occurs in England in the charges for stores and for the "Provincial Gazetteer of India." In India there is a saving of R1,97,000 chiefly in the expenditure of the Survey of India. The Budget provisions for land for the Dacca Railway extensions and some other Railways were not utilised at all, while the grant for the Bengal and North-Western Railway was only partially utilised. Under Military Works, the progress of the special building operations in connection with the redistribution scheme has been slower than was expected.

1906-1907.
*Variations in
Provincial
Expenditure.*

146. The more important variations which have led to the saving of £528,700 in Provincial and Local expenditure are the following:—

Decreases—

	R	£
Land Revenue	8,26,000	55,100
Police	11,19,000	74,600
Education	13,03,000	86,800
Scientific and Minor Departments	6,95,000	46,300
Famine Relief	28,22,000	188,100
Civil Works	21,64,000	144,300

Increases—

Jails	6,69,000	44,600
Major Irrigation Works, Working expenses	5,95,000	39,800
Courts of Law	3,78,000	25,200

1906-1907.

*Land Revenue
Charges.*

147. Under Land Revenue there are savings of (1) R3,09,000 in Bengal, due to the allotment for additional officers and reorganisation of the pay of establishment not being fully utilised; (2) R1,21,000 in the United Provinces, due to a delay in the introduction of the scheme for improving the position of the kanungo establishment and a saving in the outlay on improvement of Government Estates; (3) R3,35,000 in Madras, due to a delay in the revision of village establishments in Proprietary Estates; and (4) R1,49,000 in Bombay, where the Budget was pitched too high. On the other hand the Budget estimate in Burma has proved too low and there is an increase of R94,000.

1906-1907.

*Police, Education,
Scientific and other
Minor
Departments.*

148. The savings under Police, Education and Scientific and other Minor Departments are due to the inability of most of the Local Governments to utilise to the full extent the large allotments made for Police reform, development of Education and reorganisation of the Educational Service and for expansion of the Agricultural Department and Experimental farms. A part of the allotments under Education has also been transferred in some of the provinces to Civil Works for the construction of educational buildings.

1906-1907.

Famine Relief.

149. An improvement in agricultural conditions has led to a saving on the allotments for Famine Relief in Bombay (R32,20,000), Madras (R3,00,000), and the Punjab (R1,18,000); but there are excesses of R75,000 and R8,00,000 in Eastern Bengal and Bengal respectively, where there has been considerable local scarcity.

1906-1907.

*Civil Works
Expenditure.*

150. When the Budget Estimates were framed in March last the agricultural outlook in Bombay was very unfavourable, and the necessity for setting aside a large sum from Provincial revenues for expenditure on famine relief led to a restriction in the programme of Provincial expenditure on Civil Works in the province. The subsequent improvement in the position, however, set free a considerable part of the funds provided in the Budget for expenditure on famine relief, and they have been applied to increase the expenditure on Civil Works, which is now expected to exceed the Budget Estimate by R20,38,000. There is an increase of R61,000 in the United Provinces due

to similar causes. These increases are, however, more than counterbalanced by heavy lapses in Burma, Bengal and Madras, owing to the progress of Provincial works being slower than had been hoped by the Local Governments. There are also considerable lapses in the grants under the control of Local Boards, especially in Bengal and Madras.

151. The exceptionally high prices of food supplies which ruled during the year have increased the cost of dietary in jails in most of the provinces.

1906-1907.
Jails.

152. Under Major Irrigation Works—working expenses, the increase is chiefly in the Punjab, being due to certain unforeseen important works and repairs on the Lower Chenab, Lower Jhelum, Western Jumna, Sirhind and Upper Bari Doab canals.

1906-1907.
Major Irrigation
Works—Working
Expenses.

153. A comparatively small increase under Courts of Law is distributed over all the provinces except the Central Provinces and Bombay, and is due partly to increased charges for diet money to witnesses and grain compensation allowances granted to establishments in consequence of the high price of food, and partly to the abolition of the rule restricting the grant of acting allowances in the case of officers promoted during the first 30 days of privilege leave vacancies. In the Central Provinces there is a saving of R1,34,000 mainly in consequence of the separation of certain Judicial and Executive Establishments having been effected from 1st October instead of from 1st April 1906, as provided in the Budget. In Bombay there is a saving of R10,000 only.

1906-1907.
Law and Justice—
Courts of Law.

Section III.—The Budget Estimate of 1907-1908.

154. The following is a general comparison of the Budget Estimate of 1907-1908 with the Revised Estimate of 1906-1907:—

1907-1908.
Statement of gross
figures.

	Revised, 1906-1907.	Budget, 1907-1908.	1907-1908 Better than 1906-1907.	1907-1908 Worse than 1906-1907.
	£	£	£	£
Total Revenue	75,626,900	75,012,800	...	614,100
Total Expenditure	73,687,300	74,681,400	...	994,100
Adjustment of Provincial and Local Surplus or Deficit.	613,500	—443,300	1,056,800	...
Total Expenditure charged to Revenue.	74,300,800	74,238,100	...	...
Surplus	1,326,100	774,700	...	551,400

155. The principal feature of the estimate of Revenue is a decrease in the receipts from salt and opium. As announced in paragraph 6 the duty on salt is being reduced, except in Burma, by 8 annas a maund with effect from to-day. This makes the duty uniform throughout India and Burma at one rupee per maund, except in regard to salt produced in the small State of Mandi in the Punjab. In accordance with the existing arrangements with the Raja, the duty on Mandi salt will be reduced from 4½ annas to 3 annas a maund. The estimate of salt revenue next year is R1,50,00,000 less than the Revised Estimate of the current year. The sacrifice of revenue entailed by the reduction of duty is really much larger; but against it have to be set (1) the increase in consumption due to the stimulus given by the reduction, and (2) the realisation of a part of the duty next year in Madras and Bombay at the old rate of R1-8 per maund. The reason for the latter set-off is the system of credit sales which prevails in these two provinces. The duty on about four million maunds of Madras salt and on a small quantity of Bombay salt remains always unrealised, the dealers being allowed a running credit on the security of a deposit of Government promissory notes. The duty on these credit sales now outstanding will be realised next year at R1-8 per maund, the rate prevailing at the time when the salt was actually issued, while the duty on the credit sales outstanding at the end of next year will be paid at one rupee per maund only. The estimate for next year accordingly includes an extra eight annas of duty per maund on the credit sales outstanding

1907-1908.
Salt Revenue.

on the 31st of this month in Madras and Bombay. The loss involved by the reduction of the duty on the estimated consumption of next year is about 210 lakhs of rupees; but, under the system above explained, about 20 lakhs of the loss will in effect be carried forward into 1908-1909.

1907-1908.

Opium Revenue.

156. The reduction in opium receipts is a consequence of the restriction of the exports from India to China (*vide* paragraph 34). The sales of Bengal opium have been at the rate of 4,400 chests a month during 1906-1907; but it has now been notified that only 4,000 chests a month will be sold from July 1907. There will thus be a decline of 3,600 chests as compared with the sales of the current year. In view also of the drop in the price of Bengal opium up to the last month of the current year, it has not been considered prudent to take the price at a higher rate than ₹1,250 per chest against an average rate of ₹1,391 actually obtained in the current year. The receipts from the sale of Bengal opium next year have thus been taken ₹1,19,33,000 less than the Revised Estimate of 1906-1907. On the other hand, the exports of Malwa opium in the current year have been the smallest known for many years and a recovery has been provided for next year, the receipts from the duty on the exports in that year being taken at ₹5,00,000 higher than those of the current year. The cost price of opium sold in the Excise Department has also been taken higher by ₹84,000. The total estimate of opium revenue is thus ₹1,13,49,000 less than the Revised Estimate of the current year.

1907-1908.

Changes in postal rates.

157. As referred to in paragraph 38 it has been decided to make the following reductions in postal rates with effect from 1st October next :—

- (a) To raise the letter weight, carried by foreign post to places within the British Empire for 1 anna, from half an ounce to one ounce; and for places outside the British Empire, to raise the letter weight carried for $2\frac{1}{2}$ annas to one ounce, and to fix $1\frac{1}{2}$ annas as the rate for each ounce or fraction of an ounce carried in excess of one ounce, the present rate being $2\frac{1}{2}$ annas for each half ounce. These concessions are estimated to entail a loss of revenue of ₹2,00,000 during the six months of next year in which they will have effect.
- (b) To raise the letter weight carried by the inland post in India for $\frac{1}{2}$ anna from three quarters of a tola to one tola. This concession is estimated to cost ₹4,50,000 in the last six months of next year.
- (c) To raise the letter weight carried by the inland post in India for 1 anna from one and a half tolas to three tolas, and to fix 1 anna as the rate for every additional three tolas or fraction of it in place of 1 anna for every one and a half tolas. This concession will entail a loss of ₹4,50,000 during the last six months of next year.

158. The total loss of postal revenue entailed by the concessions enumerated above, between the 1st October 1907 and the 31st March 1908, is estimated at ₹11,00,000. It is expected that, if there had been no change in rates, the normal growth of postal business would have brought in next year an additional revenue of ₹15,55,000. The Budget Estimate of postal revenue for next year has accordingly been placed only ₹4,55,000 higher than the Revised Estimate of the current year.

1907-1908.

Main features of Expenditure Estimates.

159. On the other side of the Budget, it has been decided to spread the special expenditure entailed by the measures connected with the reorganisation and redistribution of the Army over a longer period, and to reduce the annual grant for this special expenditure for next year from 325 lakhs of rupees (£2,166,600), to 250 lakhs (£1,666,600), *i.e.*, by 75 lakhs of rupees (£500,000). The amount regranted next year on account of lapses on the current year's Budget Estimate of special expenditure is $47\frac{1}{2}$ lakhs in place of 90 lakhs regranted in the current year out of the lapses of last year.

1907-1908.

Special assignment for Police expenditure.

160. A special assignment has again been placed at the disposal of the Provincial Governments for police reform. On this occasion the amount is $22\frac{1}{2}$ lakhs (£150,000); and Burma has been omitted from the distribution, the full amount required for its police reforms having been given to that province, as a standing provision in connection with the revision of its Provincial settlement. The total amount allotted for police reform since 1905-1906 is now $97\frac{1}{2}$ lakhs a year (£650,000), besides 8 lakhs (£53,300) which has been included in the terms of the Burma Provincial Settlement.

161. The effect of the reduction in the salt duty and the changes in the postal rates is to reduce to £774,700 a surplus which would otherwise have been about £2,114,700. The estimated Revenue and Expenditure of the year is distributed as follows:—

	Imperial.	Provincial and Local.
	£	£
Revenue	50,525,400	24,487,400
Expenditure	49,750,700	24,930,700
Surplus (+) or Deficit (—)	+774,700	—443,300

As compared with the Revised Estimate for the current year, there is a decrease in revenue of £614,100 (R92,11,000) and an increase in expenditure of £994,100 (R1,49,12,000). Of the decrease in revenue £712,500 appertains to the Imperial Government, while in the expenditure of the Imperial Government there is a decrease of £161,100, the net result being a decrease in the surplus of £551,400. In the Provincial and Local Sections there is an increase in revenue of £98,400 and an increase in expenditure of £1,155,200, or a net worseness of £1,056,800. The result is that the Provincial and Local balances will be drawn upon to the extent of £443,300, against the £613,500 by which the Revised Estimate of the current year provides that they will be increased.

162. It has already been mentioned that, as compared with the Revised Estimates of the current year, the decrease in the Budget Estimate for Salt is R1,50,00,000. Under the existing settlement with Burma, half the salt revenue there is Provincial; but under the new settlement which comes into effect next year, the whole of it has been imperialised. There is, therefore, a decrease of R8,35,000 under the head in the Provincial section and the decrease in the Imperial section is R1,41,65,000. The decline under Opium revenue is R1,13,49,000. These two heads, therefore, account for a decrease in Imperial revenue of R2,55,14,000 (£1,700,900); but as the total decrease in Imperial revenue is only R1,06,88,000 (£712,500), there is an increase of R1,48,26,000 (£988,400) under heads other than Salt and Opium while, as mentioned before, there is an improvement of £98,400 (R14,76,000) in the Provincial and Local Sections. The chief variations which have brought about these increases are the following:—

	Imperial. R	Provincial and Local R	Total. R	£	1907-1908. Variations under Revenue heads other than Salt and Opium.
Increases—					
Land Revenue (including that due to Irrigation)	79,29,000	—18,14,000	61,15,000	407,700	
Stamps	21,11,000	73,000	21,84,000	145,600	
Excise	13,66,000	31,49,000	45,15,000	301,000	
Provincial Rates	—15,000	6,36,000	6,21,000	41,400	
Customs	44,13,000	—86,000	43,27,000	288,400	
Forest	7,04,000	6,04,000	13,08,000	87,200	
Interest	—3,29,000	5,29,000	2,00,000	13,300	
Telegraph	5,92,000	...	5,92,000	39,400	
Railways: Net Earnings	51,96,000	...	51,96,000	346,400	
Decreases—					
Mint	25,57,000	...	25,57,000	170,400	
Marine	8,90,000	—80,000	8,10,000	54,000	
Exchange	9,00,000	...	9,00,000	60,000	
Miscellaneous	15,08,000	—65,000	14,43,000	96,200	
Major Irrigation Works— Direct					
Receipts	3,64,000	15,51,000	19,15,000	127,700	
Receipts by Military Department	7,73,000	...	7,73,000	51,500	

163. The improvement under Land Revenue is distributed over all the provinces with the exception of the Punjab and the North-West Frontier Province where the figures are practically stationary, and Bombay where there is a

decrease of R15,30,000. The improvement is the result generally of better harvests throughout the country and in places also it is due to revision of settlements and extension of cultivation. The largest increases are expected in the United Provinces (R24,16,000) where the remissions next year are estimated to amount to R2,02,000 only against R28,53,000 granted in the current year, and in Burma (R23,85,000) where the current demand next year should exceed that of the current year by R14,76,000, while the remissions are expected to be R2,00,000 less. A considerable part of the arrears of the current year due to floods and unfavourable agricultural conditions in some parts of that province, are also expected to be collected next year. An increase is counted upon in the current demand in Bombay; but owing to the prospects of good harvests, the bulk of the large outstanding suspensions has been collected in the current year and a net decrease has accordingly been provided in the Budget Estimate of 1907-1908. As explained in paragraph 125 a certain number of special non-recurring assignments have been given to Local Governments in the current year. The absence of these in the Estimates for next year accounts for the large increase in the Imperial share and the decrease in the Provincial share of Land Revenue. The variations would have been larger but for the special assignment of R37,50,000 to be annually given to the Local Governments from next year on account of Famine Relief expenditure as explained in paragraphs 48 to 56.

1907-1908.
Other heads. 164, The most of the other increases shown in the table above represent the normal growth of the revenues under the various heads and are distributed over all the Provinces. In the Punjab and North-West Frontier Province there are decreases of R30,000 and R20,000 respectively under Provincial Rates, due partly to the realization in the current year of some arrears of the abolished cesses and to a special receipt in the current year in the North-West Frontier Province from an experimental cess (now abolished) in the Mahsud colony in the Dera Ismail Khan district. There is also a decrease of R1,50,000 in the Forest revenue in Bombay, due partly to the absence of any special receipts from the sale of famine grass and partly to a diminution in the stock of teak on private lands in the Northern Circle.

1907-1908.
Interest Receipts. 165. Owing to the exceptionally heavy drawings of Council Bills, the cash balance in England was very high throughout the current year and a large amount has been received on account of interest by investing it at the high rates of interest which have prevailed during the year. The exceptional circumstances of the current year are not expected to recur and the Budget Estimate accordingly provides for a decrease of £137,700 in the interest receipts in England. In India there is an increase of R22,65,000 (£151,000) in the interest realized on agricultural loans and advances granted to Local Bodies and others. Of this R17,36,000 appertains to the Imperial Government and R5,29,000 to the Provincial Governments.

1907-1908.
Railway Revenue. 166. As regards Railways the following table shows the chief variations between the Revised Estimates of the current year and the Budget Estimates of next year for Gross Earnings and Working Expenses of the different lines :—

	INCREASE + DECREASE—		
	Gross Receipts.	Working Expenses.	Net Earnings.
	R	R	R
East Indian Railway .	...	—14,90,000	+ 14,90,000
Bengal Nagpur Railway	+ 15,00,000	+ 11,00,000	+ 4,00,000
Rajputana Malwa Railway	+ 10,00,000	—1,60,000	•
Burma Railways	+ 10,00,000	+ 2,16,000	+ 11,60,000
Oudh and Rohilkhand Railway	+ 5,00,000	+ 10,00,000	+ 7,84,000
Bombay, Baroda and Central India Railway	+ 5,00,000	—10,000	—5,00,000
Great Indian Peninsula Railway	+ 20,00,000	+ 13,00,000	+ 5,10,000
North-Western Railway	+ 25,00,000	+ 25,00,000	+ 7,00,000
Nagda-Muttra Railway	+ 7,35,000	+ 3,50,000	...
			+ 3,85,000
			• •

As explained in paragraph 132, there has been a continued expansion of traffic in the current year on most of the railways except the Great Indian Peninsula and Rajputana-Malwa lines. Next year the seasons are expected to be more propitious and provision has been made in the Budget Estimate for a further expansion of traffic, for a recovery of the ground temporarily lost by the Great Indian Peninsula and Rajputana-Malwa railways, and for the opening of the Nagda-Muŕtra railway and additional mileage on other lines. The growth of revenue on the North-Western and Oudh and Rohilkhand Railways will, however, be counterbalanced by an increase in the working expenses consequent on the necessity for renewal of permanent-way and rolling stock. The only appreciable decrease in Working Expenses is on the East Indian and the Rajputana-Malwa Railways. On both these lines the expenditure in the current year on the renewal of permanent-way and rolling stock has been abnormally heavy.

167. It is not anticipated that the same volume of work will be required from the Mints next year as in the current year, and the receipts on account of coinage fees are expected to be less than the Revised by R22,32,000. Provision has been made in the Budget Estimate for a profit of R2,00,000 on the nickel coins to be issued during the year, but the estimate of the gain on copper and bronze coinage is R5,00,000 less than in the Revised. 1907-1908.
Mint Receipts.

168. The decrease under Marine is due mainly to a change in the method of accounting by which recoveries from Local Governments and other Departments and the Royal Navy on account of labour and locally purchased stores expended on work done for them, which had hitherto been credited as receipts, will in future be deducted from expenditure. 1907-1908.
Marine.

169. It has not been considered prudent to anticipate so favourable a rate of exchange for Council Bills as has been obtained in the current year and there is consequently a decrease of £60,000 in the receipts under Exchange. 1907-1908.
Exchange Receipts.

170. The Budget Estimate provides R8,33,000 for the last instalment of the Tibet indemnity, against R16,67,000 paid in the current year on account of the first two instalments. There is also a decrease of (1) R1,30,000 in the amount creditable on account of the value of outstanding Currency Notes, (2) R2,16,000 in Bombay in the recoveries of Famine Relief charges, and (3) R1,00,000 in Burma, because the Khedda receipts will in future be shown as Forest Revenue, and because there was a special recovery in the current year of a temporary contribution granted in the previous year to the Moulmein Municipality. On the other hand, an increase of R94,000 is expected in the amount of unclaimed deposits lapsing to Government mainly in the United Provinces and the Punjab, while the further extension of Sitabuldi in Nagpur town by leases of Nazul lands is expected to bring in an additional revenue of R51,000. 1907-1908.
Miscellaneous Receipts.

171. The area under Irrigation during the rabi of 1905-1906 was exceptionally high in the United Provinces and parts of the Punjab and the Irrigation Revenue of the two provinces in the current year will be the highest on record. It is not considered prudent to count upon similar circumstances next year, especially in view of the favourable winter rains of the current year, and the Budget Estimate is accordingly less than the Revised Estimate of the current year. 1907-1908.
Irrigation Major Works - Direct Receipts.

172. In the current year the sale of ordnance stores has been abnormally high, and the Revised also includes a special receipt of R5,11,000 from the War Office on account of the furlough pay of Indian troops earned during service in China and Somaliland. As regiments will make their own arrangements for the supply of beer with effect from January 1908, the sale of malt-liquor will also be largely reduced next year. The Budget Estimate for that year accordingly provides for a decrease in Army receipts which would have been much larger but for an increase in the receipts from dairy farms consequent on the increased outlay provided for them. 1907-1908.
Army Receipts.

FINANCIAL STATEMENT OF THE

1907-1908.
Variations in
Imperial
Expenditure.

173. The decrease of £161,100 (R24,17,000) in Imperial Expenditure referred to in paragraph 161 is the net result of a large number of variations, the more important of which are as follows :—

<i>Decreases—</i>		R	£
Army Services		72,18,000	481,200
Opium		16,80,000	112,000
Telegraph		8,27,000	55,100
Marine		17,08,000	113,800
Political		16,45,000	109,700
Miscellaneous		5,60,000	37,400
Reduction of Debt		16,62,000	110,800
<i>Increases—</i>			
Customs		5,60,000	37,300
Forest		7,51,000	50,100
Post Office		13,57,000	90,500
General Administration		8,45,000	56,300
Police		4,42,000	29,500
Scientific and other Minor Departments		6,73,000	44,900
Civil Furlough and Absentee allowances		10,50,000	70,000
Construction of Protective Irrigation Works		17,41,000	116,100
State Railways—Interest on capital deposited by Companies		13,87,000	92,500
Minor Works and Navigation		10,01,000	66,700
Military Works		19,98,000	133,200
Civil Works		7,12,000	47,400

1907-1908.
Variations in
Ordinary and
Special Army
Expenditure.

174. The following table shows the variations between the ordinary and special expenditure under Army :—

ORDINARY—	India.		England.	TOTAL.
	R	£	£	£
Revised, 1906-1907	20,20,44,000	13,469,600	4,681,200	18,150,800
Budget, 1907-1908	20,33,47,000	13,556,400	4,635,600	18,192,000
Increase + Decrease —	+13,03,000	+86,800	—45,600	+41,200
SPECIAL—				
	R	£	£	£
Revised, 1906-1907	1,09,88,000	732,500	948,800	1,681,300
Budget, 1907-1908	1,55,56,000	1,037,100	121,800	1,158,900
Increase + Decrease —	+45,68,000	+304,600	—827,000	—522,400
TOTAL—				
Revised, 1906-1907	21,30,32,000	14,202,100	5,630,000	19,832,100
Budget, 1907-1908	21,89,03,000	14,593,500	4,757,400	19,350,900
Increase + Decrease —	+58,71,000	+391,400	—872,600	—481,200

1907-1908.
Ordinary Army
Expenditure.

175. R1,55,000 out of the increase in India is only nominal, being the net result of (1) the transfer from the civil to the Army Estimates of R6,65,000 on account of charges for Cantonment Magistrates who are now under the administrative control of the Commander-in-Chief and the Army Department and (2) the transfer of R5,10,000 from Army to Military Works Services of charges for water-supply and maintenance of electrical installations. The rest is the net result of a number of variations, the more important of which are the following :—

<i>Increases—</i>	R
Pay of British troops, the shortage in the strength in the current year being abnormal	5,00,000

Increases—contd.

R

Larger provision for Native Army Reserve Forces which is dependent on the number of men to be called out for training	3,00,000
Larger provision for conveyance charges specially of ordnance stores	1,50,000
Larger provision for grass and dairy farms largely covered by increased receipts	4,60,000
Larger provision for purchase of transport animals, remounts and ordnance mules, owing to short purchase in previous years	4,00,000
Larger provision for medical supplies, camp equipage and local stores for ordnance factories	5,20,000

Decreases—

Special bounty payable in current year to British soldiers for extension of service	1,90,000
Smaller purchase of malt liquor due to the fact that after 1st January 1908, British regiments in Northern India, which have hitherto been supplied with beer through the supply and transport corps on payment, will make their own arrangements for obtaining it	4,25,000
Smaller expenditure in connection with the concentration of troops at Agra and absence of charges for Rawalpindi concentration	4,90,000
Smaller charges for the Aden Delimitation Commission owing to the demobilisation of the force at D'halah	3,22,000

The decrease in England is in the charges for furlough allowances, Indian Troop service and stores, while there is an increase in the payments to the War Office for effective and non-effective pay of British forces for service in India.

176. The special expenditure next year is partly for the measures already in progress and partly for the following new measures :—

1907-1908.
Special Army
Expenditure.

- (a) Raising of two Indian Mountain Batteries.
- (b) Re-organisation of Mountain Artillery.
- (c) Partial re-organisation of the Heavy Artillery.
- (d) Raising an additional Indian Cavalry regiment from a nucleus of two irregular squadrons.
- (e) Supplying the field army with telephonic equipment.
- (f) Electrification of Harness and Saddlery factory at Cawnpore.
- (g) Modification of present pensionary conditions in the Indian Army.

The large decrease in the expenditure in England is due to the completion in the current year of the re-armament of Horse and Field Artillery.

177. According to the latest reports, the outturn of the opium crop now on the ground is not expected to be as good as the last crop. As stated in paragraph 34 the area under cultivation will also be reduced next year. Provision has accordingly been made in the Budget for smaller payments to cultivators both on account of the standing crop and as advances for the next season.

1907-1908.
Opium Expendi-
ture.

178. The capital expenditure of the Indian and Indo-European Telegraph Departments in 1907-1908 is expected to be less by Rs 15,13,000 than in the current year in consequence of a smaller construction programme; but this decrease will be counterbalanced to some extent by an increase in the expenditure on revenue account brought about by the expansion of the Departments and the development of traffic.

1907-1908.
Telegraph Expen-
diture.

179. The decrease under Marine is due partly to the change in the method of accounting referred to in paragraph 168 and partly to smaller provision for special expenditure mainly for replacement of old vessels. The Budget estimate

1907-1908.
Marine.

for next year includes ₹13,01,000 on this account against ₹18,88,000 included in the Revised Estimate of the current year.

1907-1908.

*Political and
Miscellaneous
Expenditure.*

180. The expenditure under the head Political in 1907-1908 is expected to be less than in the current year by ₹16,45,000. Of this ₹4,55,000 is only nominal, being merely a transfer from the Imperial to the Provincial section in consequence of a change in the incidence in Burma; under the terms of the new Provincial settlement Political expenditure will be provincialized from next year instead of being Imperial as hitherto. The absence of any special expenditure in connection with the Indian tour of His Majesty the Amir of Afghanistan, partly counterbalanced by increased provision for payment of arrears of his subsidy, mainly accounts for the remainder of the decrease. The Revised Estimate under Miscellaneous includes some arrear charges in connection with the visit of Their Royal Highnesses the Prince and Princess of Wales. The expenditure in connection with special commissions of enquiry is also expected to be less next year.

1907-1908.

Customs.

181. An increase of ₹4,70,000 under Customs is explained by the fact that expenditure under this head in Burma which has hitherto been treated as Provincial will, under the terms of the new settlement with that province, become Imperial from 1st April 1907. The remainder of the increase represents ordinary growth in expenditure.

1907-1908.

Forest Expenditure.

182. The increase in Forest expenditure is partly concomitant with the increase in receipts mentioned in paragraph 162, and partly due to revision of establishments and larger outlay on buildings and communications.

1907-1908.

Post Office.

183. The increase in Post Office expenditure is a result of the growth of the operations of the Department and, but for the reduction in rates mentioned in paragraph 157, would have been covered by an increase in revenue.

1907-1908.

General Administration.

184. Under General Administration provision has been made for additional buildings at the Store Depot of the India Office and for larger purchase of stores.

1907-1908.

*Police
Expenditure.*

185. The increase under Police is mainly for reorganisation of the police forces in the North-West Frontier Province, Baluchistan, Coorg, and other minor provinces directly under the administration of the Government of India.

1907-1908.

*Scientific and
other Minor
Departments.*

186. The increase in the expenditure of Scientific and other Minor Departments is due mainly to the increased operations to be undertaken by the Survey of India Department in accordance with the recommendations of the Survey Committee, and to the development of the Agricultural and Veterinary Departments.

1907-1908.

*Civil Furlough
and Absentee
Allowances.*

187. The increase under Civil Furlough and Absentee Allowances occurs almost wholly in England and is the outcome of the recent decision of the Secretary of State to pay in England the privilege leave allowances of officers on combined leave out of India.

1907-1908.

*Reduction of Debt
and Construction
of Protective
Irrigation Works.*

188. The smaller provision under Reduction of Debt is explained partly by the fact that, in accordance with the new arrangements described in Part I in connection with the future incidence of Famine Relief Expenditure, a sum of ₹37,50,000 has been provided as Provincial expenditure under the head, and partly by the fact that provision has been made for a larger programme of Protective Irrigation Works, chiefly in the Central Provinces, Bengal, United Provinces and Bombay. This has reduced the share of the fixed grant of $1\frac{1}{2}$ crores of rupees, which remains available to be charged under Reduction of Debt.

1907-1908.

*Interest on
Capital deposited
by Companies.*

189. The charges under Interest on Capital deposited by Companies will be swelled next year by the interest on the additional capital which is proposed to be raised by the Bengal-Nagpur, Burma, and East Indian Railways.

1907-1908.

*Minor Works and
Navigation.*

190. The increase under Minor Works and Navigation is mainly due to the provision of a reserve of 10 lakhs to meet special expenditure entailed by the recommendations of the Irrigation Commission.

1907-1908.

Military Works.

191. Under Military Works the increase in expenditure is partly for buildings, acquisition of land and outlay on regimental lines in connection with the redistribution scheme and partly for the transfer of the charges for water-supply and maintenance of electrical installations from the head "Army" to "Military Works."

192. The increase under Civil Works is partly accounted for by the fact that Imperial Works in Burma were formerly paid for from the Provincial revenues. There are also special provisions for a new Secretariat building in Calcutta and for the new Agricultural buildings at Pusa. The additional expenditure in India is partly counterbalanced by smaller outlay in England, chiefly as a result of the closing of the College at Coopers Hill.

193. The chief items which have caused the increase of £1,155,200 (Rs. 1,73,28,000) in Provincial and Local Expenditure referred to in paragraph 161 are the following:—

<i>Increases—</i>	<i>R</i>	<i>£</i>
Land Revenue	21,32,000	142,200
Forest	5,96,000	39,700
Police	36,05,000	240,300
Education	31,30,000	208,600
Medical	9,14,000	60,900
Political	4,68,000	31,200
Scientific and other Minor Departments	11,06,000	73,700
Superannuation Allowances and Pensions	5,75,000	38,300
Reduction of Debt	37,50,000	250,000
Minor Works and Navigation	4,50,000	30,000
Civil Works	38,03,000	253,600
<i>Decrease—</i>		
Famine Relief	39,11,000	260,700

194. The increase in Land Revenue collection charges is due to an increase of revenue establishments in most of the provinces, the chief items being an increase in the cadre of Deputy and Sub-Deputy Collectors and in the pay of ministerial establishments in Bengal and Eastern Bengal; the extra charges due to the constitution of an additional district in both Bombay and Madras; and also to the reorganisation of village establishments in the latter province.

195. The increase in Forest expenditure has already been explained in paragraph 182; this head of account being divided between Imperial and Provincial in all provinces. The increases under Police, Education and Scientific and other Minor Departments are distributed among all the provinces and represent respectively further progress in the introduction of police reforms, advancement of education and development of the Agricultural and Veterinary Departments.

196. Under Medical provision has been made for increased expenditure on hospitals and dispensaries in most of the provinces; on measures for the prevention of plague in the Punjab; and in connection with the improvement of water-supply and sanitation in villages in Madras.

197. As has already been explained, the provincialisation of the Political expenditure in Burma under the terms of the new settlement is responsible for the increase under that head.

198. The increase under Superannuation allowances represents the normal growth of the Retired list.

199. The provision in the Provincial Section under Reduction or Avoidance of Debt and the absence of any provision under Famine Relief—Provincial are connected with the change which it has been decided to make with effect from next year, in locating the burden of Famine Relief Expenditure.

200. The decrease in the Provincial expenditure under Minor Irrigation Works is only nominal. Provision has been made under Imperial for the usual reserve and allotments will be made to Local Governments during the course of the year.

201. The strong financial position of the Local Governments is reflected in the provision made by all of them next year for an enlarged programme of Civil Works expenditure. The large grants made during the last two years to Local funds, both in aid of their general resources and for the construction of primary schools, have enabled them also to increase their programme of Civil Works expenditure to a considerable extent.

Section IV.—Statements comparing the estimates under the more important heads of Revenue and Expenditure with the actuals of past years.

LAND REVENUE.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
REVENUE (including that due to Irrigation)—						
India General	14,72,513	15,31,372	13,40,480	14,00,000	14,75,000	16,30,000
Central Provinces	83,86,263	87,29,557	85,86,937	1,74,88,000	1,67,74,000	1,75,62,000
Berar	78,30,166	83,06,277	84,36,779			
Burma	3,52,43,662	3,70,94,697	3,83,01,496	4,13,00,000	3,92,00,000	4,15,85,000
Assam	54,43,025	63,37,256	1,90,44,659	1,93,62,000	1,95,62,000	1,97,60,000
Eastern Bengal	4,10,03,080	4,11,45,565				
Bengal			2,92,18,589	2,93,61,000	2,88,50,000	2,99,33,000
United Provinces of						
Agra and Oudh	6,46,71,000	6,46,18,427	6,04,27,604	6,35,54,000	6,33,23,000	6,57,39,000
Punjab	2,51,51,468	2,63,91,590	2,41,53,128	2,61,97,000	2,72,00,000	2,72,00,000
N.-W. Frontier Province	18,29,849	19,80,446	19,33,815	20,31,000	21,40,000	21,33,000
Madras	6,06,29,257	5,82,47,651	6,12,93,401	6,21,31,000	6,30,91,000	6,37,18,000
Bombay	4,94,12,623	4,33,25,859	4,47,27,345	4,79,20,000	5,18,32,000	5,03,02,000
TOTAL R	30,10,72,906	29,77,08,697	29,74,64,233	31,07,44,000	31,34,47,000	31,95,62,000
Shown under XXIX.—Irrigation . R	1,25,57,090	1,33,98,743	1,45,31,687	1,42,82,000	1,49,54,000	1,54,76,000
Shown under I.—Land Revenue R	28,85,15,816	28,43,09,954	28,29,32,546	29,64,62,000	29,84,93,000	30,40,86,000
Equivalent in Sterling	20,071,527	19,847,247	19,830,948	20,716,300	20,896,400	21,304,100
Shown under XXIX.—Irrigation . £	837,139	893,250	968,779	952,160	996,900	1,031,700
Shown under I.—Land Revenue £	19,234,388	18,953,997	18,862,169	19,764,200	19,899,500	20,272,400
EXPENDITURE—						
India—						
District Adminis- tration	2,08,17,850	2,17,31,809	2,20,95,475	2,27,26,000	2,26,01,000	2,33,06,000
Other Charges	2,49,09,285	2,63,10,478	2,79,16,006	2,93,49,000	2,87,05,000	3,02,69,000
TOTAL INDIA R	4,57,27,135	4,80,42,287	5,00,11,481	5,20,75,000	5,13,06,000	5,35,75,000
Equivalent in Sterling	3,048,476	3,202,819	3,334,099	3,471,700	3,420,400	3,571,700
England—						
Other Charges £	408	875	1,811	1,300	900	700
TOTAL EXPENDITURE £	3,048,884	3,203,694	3,335,910	3,473,000	3,421,300	3,572,400

202. The collections in the current year have been kept down in Burma by floods in two districts and scarcity in a third; in the Central Provinces by the suspension of some arrears due to frost in the previous winter; and in Bengal by the poverty of the monsoon rice crop in Durbhanga and adjoining districts. But there has been a more than counterbalancing rise in several other provinces, particularly in the Punjab, where good crops have led to the revenue coming in easily, and in Bombay, where a considerable amount of revenue that had been postponed during the recent famine is now being collected. In 1907-1908 the general agricultural recovery is expected to result in higher collections in the Central Provinces and United Provinces; as also, to a small degree, in Ajmer. The increase in Bengal is mainly due to the payment of survey charges in Behar and Ranchi; while in Burma and Madras it is assisted by revision of settlements, and in the former province also by smaller remissions than

in the current year. In Bombay the collection of arrears has been very high towards the end of the current year, and next year's figures are expected to be more normal.

OPIUM.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
INDIA.						
Revenue—						
Bengal—Sale of Opium . . .	7,01,75,570	7,61,93,120	7,05,53,610	5,94,00,000	7,34,33,000	6,15,00,000
Bombay—Pass Fees .	1,30,70,750	1,12,36,875	85,41,000	99,00,000	74,75,000	79,75,000
Excise Opium and other Revenue .	27,94,355	28,92,496	29,37,084	31,66,000	32,07,000	32,91,000
TOTAL R	8,60,40,675	9,03,22,491	8,20,31,694	7,24,66,000	8,41,15,000	7,27,66,000
Equivalent in Sterling .	5,736,045	6,021,499	5,468,780	4,831,100	5,607,700	4,851,900
Expenditure—						
Payments to Cultivators, including purchase of Opium	3,07,70,477	2,69,25,333	2,58,14,453	2,53,61,000	2,62,60,000	2,44,60,000
Other Charges .	25,61,683	25,46,301	25,45,748	26,83,000	24,68,000	25,86,000
TOTAL INDIA R	3,33,32,160	2,94,71,634	2,83,60,201	2,80,44,000	2,87,28,000	2,70,46,000
Equivalent in Sterling .	2,222,144	1,964,775	1,890,680	1,869,600	1,915,200	1,803,100
ENGLAND.						
Other Charges £	3,600	2,310	1,761	1,700	1,600	1,700
TOTAL £	2,225,744	1,967,085	1,892,441	1,871,300	1,916,800	1,804,800
Statistics—						
Bengal—						
Chests sold . . .	48,000	48,000	49,200	52,800	52,800	49,200
Average price . .	₹1,462	₹1,587	₹1,434	₹1,125	₹1,391	₹1,250
Chests produced .	64,738	50,004	55,501	...	48,750	...
Chests in Balance, March 31 .	67,758	69,762	76,063	...	72,013	...
Reserve, December 31 . . .	15,024	31,762	32,566	40,063	36,463	42,413
Bombay—						
Chests passed for export . .	26,141½	18,821½	14,235	16,500	12,458	13,292
Rate of duty .	₹500	₹500 & ₹600	₹600	₹600	₹600	₹600

203. The opium figures have already been discussed in paragraphs 127, 137, 156 and 177. The prices realised for Bengal opium during the current year have exceeded expectation. Beginning at ₹1,278 in April 1906, the average price per chest at the monthly sales rose in November to the very high figure of ₹1,513. There was a decline after that; but the notifications restricting the sales and the poppy area for next year were immediately followed by a jump to ₹1,512 in the price for the current month. The revenue from Bengal opium is thus ₹1,40,33,000 better than the Budget figure for 1906-1907. On the other hand, the weighments of Malwa opium have fallen off very heavily since November. In the last four months of 1905-1906, the number of chests which passed the scales was 4,490: in the same period this year, the estimated number is under 3,000.

204. For next year it would be unsafe to assume a continuance of the high prices obtained this year for Bengal opium; but the issues of Malwa opium have been taken at a figure a little above the actuals for the present year, though not quite so high as the exports of 1905-1906. The reduction in expenditure next year is due partly to the indifferent reports about this season's crop and partly to a lower estimate of the advances for next season's crop in consequence of the reduction of the area to be sown in the Behar and Benares agencies.

FINANCIAL STATEMENT OF THE SALT.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
REVENUE.						
Northern India (a)	1,72,13,079	1,69,35,310	1,48,51,309	1,45,00,000	1,39,50,000	1,05,50,000
Burma (b)	15,48,365	16,38,131	17,47,821	18,00,000	16,70,000	18,20,000
Eastern Bengal (b)	2,18,01,075	2,23,61,605	18,47,715	19,50,000	19,40,000	14,60,000
Bengal (c)			1,53,38,361	1,55,00,000	1,59,20,000	1,11,50,000
Madras (a)	1,95,35,805	1,95,38,005	1,57,89,722	1,55,00,000	1,43,30,000	1,21,00,000
Bombay (a)	1,86,58,649	1,98,48,469	1,60,71,215	1,67,50,000	1,65,40,000	1,22,70,000
TOTAL R	7,87,56,973	8,03,21,520	6,56,46,143	6,60,00,000	6,43,50,000	4,93,50,000
Equivalent in Sterling	5,250,465	5,354,768	4,376,410	4,400,000	4,290,000	3,290,000
CHARGES.						
India	49,35,853	51,62,759	54,41,628	55,84,000	54,21,000	55,59,000
Equivalent in Sterling	329,057	344,184	362,775	372,300	361,400	370,600
England	2,134	918	391	200	1,500	100
TOTAL £	331,191	345,102	363,166	372,500	362,900	370,700
Total consumption Mds.	3,75,92,000	3,93,78,000	4,07,29,000	...	4,15,00,000	4,34,00,000

(a) Chiefly excise on local manufacture.

(b) Chiefly duty on imported salt.

205. The Revised Estimate is based upon an expected consumption of 402 lakhs of maunds in India proper and 13 lakhs of maunds in Burma, as compared with the actual consumption of 393 and 14½ lakhs of maunds respectively in 1905-1906. The latest information points to a general increase in the issue of salt, as compared with last year, except in Northern India, where stocks have apparently been kept low in the hope of a decrease in duty, and also in Burma. The reason why a corresponding increase in revenue is not apparent in Madras is that the accounts for 1905-1906 were swollen by about Rs 18,25,000 on account of payments for salt which had been issued on credit in the previous year at the higher rate of duty. For 1907-1908 the consumption is estimated at 420 lakhs of maunds in India proper and 14 lakhs of maunds in Burma; being a rise of 19 lakhs over the estimated figure of the current year. The increase in 1905-1906, when the last reduction in duty took place, was 13½ lakhs of maunds. The revenue from salt which would have been budgeted for, if the duty had not been altered, would have been 683½ lakhs (£4,556,700), or an increase of 40 lakhs (£266,700) over the Revised Estimate of the current year.

STAMPS.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
REVENUE.						
Court Fees and Plain Paper	3,67,25,008	3,82,35,186	3,96,15,303	3,96,61,000	4,05,23,000	4,21,81,000
Commercial and other Stamps	1,59,38,860	1,70,81,280	1,85,24,420	1,91,28,000	1,89,78,000	1,95,58,000
Other Revenue	10,39,831	7,58,970	7,55,734	7,71,000	8,29,000	7,75,000
TOTAL R	5,37,03,699	5,60,75,436	5,88,95,457	5,95,60,000	6,03,30,000	6,25,14,000
Equivalent in Sterling .	3,580,247	3,738,362	3,926,364	3,970,700	4,022,000	4,167,600
CHARGES.						
India R	12,02,373	12,34,918	12,95,424	12,55,000	12,97,000	13,24,000
Equivalent in Sterling .	80,158	82,328	86,362	83,700	86,500	88,200
England (Stores) £	42,221	38,763	41,802	124,000	100,000	103,000
TOTAL £	122,379	121,091	128,164	207,700	186,500	191,200

206. The improvement in the Stamp receipts for 1906-1907 is common to all the provinces, except Bombay, where there has been some decline in court-fees, and in the Central Provinces, where the receipts from general stamps have fallen off. The further increase anticipated in 1907-1908 is also general, and is the ordinary accompaniment of satisfactory agricultural conditions.

• EXCISE.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
REVENUE.						
Burma . . .	74,64,332	72,81,670	83,01,926	88,20,000	77,00,000	83,00,000
Assam . . .	30,24,404	30,54,075	62,07,991	63,25,000	64,20,000	66,00,000
Eastern Bengal . . .	1,62,95,944	1,67,90,284				
Bengal . . .			1,52,58,297	1,57,00,000	1,60,80,000	1,68,00,000
United Provinces of Agra and Oudh . . .	94,58,526	1,02,25,122	99,75,427	1,00,00,000	94,00,000	1,02,00,000
Madras . . .	1,77,02,209	1,87,53,820	1,91,13,741	1,93,00,000	2,05,00,000	2,12,00,000
Bombay . . .	1,19,99,390	1,39,03,271	1,42,67,667	1,44,50,000	1,49,00,000	1,55,00,000
Other Provinces . . .	87,56,041	1,02,33,126	1,21,92,260	1,26,65,000	1,36,01,000	1,45,16,000
TOTAL R	7,47,01,446	8,03,01,368	8,53,17,309	8,72,60,000	8,86,01,000	9,31,16,000
Equivalent in Sterling .	4,980,096	5,353,424	5,687,820	5,817,300	5,906,700	6,207,700
CHARGES.						
India . . . R	32,08,429	36,22,103	38,71,724	43,71,000	41,03,000	47,22,000
Equivalent in Sterling .	213,895	241,473	258,115	291,400	273,500	314,800
England . . . £	33	841	1	100	100	100
TOTAL £	213,928	242,314	258,116	291,500	273,600	314,900

207. The drop in the Burma figures for the current year occurs, about half under liquor and half under the sale of excise opium. The falling off in the United Provinces is a consequence of the seasons having turned out less favourable than had been anticipated. The growth of the revenue elsewhere has been normal; and the improvement in agricultural conditions gives reason to expect that it will continue in 1907-1908. The failure to utilize the provision for expenditure in the current year occurred mainly in Burma, where the new Excise establishment has not yet been fully employed. Improvements in the establishment in that province and in the United Provinces and Bombay account for the extra expenditure provided for in 1907-1908.

PROVINCIAL RATES.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
REVENUE.						
District Local Funds .	2,55,68,247	2,53,10,413	2,62,26,154	2,42,74,000	2,51,59,000	2,54,87,000
Appropriation from above for rural police	...	...	...	22,24,000	22,20,000	22,34,000
Provincial Cesses .	70,66,975	72,29,658	56,81,984	51,90,000	51,90,000	52,40,000
Village Service and Patwaris . . .	79,81,295	80,66,376	80,79,904	8,05,000	3,56,000	5,34,000
Other Cesses . . .	17,63,711	17,60,772	19,82,714	14,27,000	14,24,000	14,75,000
TOTAL R	4,23,80,228	4,23,67,219	4,19,70,756	3,39,20,000	3,43,49,000	3,49,70,000
Equivalent in Sterling .	2,825,349	2,824,481	2,798,051	2,261,300	2,289,900	2,331,300
CHARGES . R						
	5,88,173	5,49,619	5,58,168	6,02,000	5,01,000	4,83,000
Equivalent in Sterling .	39,212	36,641	37,211	40,100	33,400	32,200

208. The variations in the Revised are inconsiderable, except in the Punjab and Bombay, where large arrears were collected: otherwise the figures follow those of the land revenue receipts. The fluctuations under the fourth head are mainly due to the payments of the Proprietary Estates Village Service Cess in Madras having been over-estimated for the current year; while the extension of the cess in 1907-1908 accounts for the higher Budget figure.

The accumulated balances of the Patwari Funds in the provinces where these funds were abolished in 1906 have been transferred to the general credit of Government.

CUSTOMS.

SEA CUSTOMS. IMPORTS. <i>Special Import Duties.</i>	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
Arms, Ammunition, and Military Stores	3,49,248	4,16,977	4,10,419	4,00,000	4,45,000	4,25,000
Liquors—						
Ale, Beer, Porter, Cider and other fermented Liquors	2,54,022	2,88,410	3,12,123	3,10,000	3,10,000	3,20,000
Spirits and Liqueurs	75,16,341	70,58,678	90,31,671	90,00,000	78,00,000	93,00,000
Wines	3,80,174	3,73,964	3,96,632	4,00,000	3,82,000	4,00,000
Opium	2,990	3,567	3,100	3,000	3,000	3,000
Petroleum	43,99,535	45,88,496	36,64,737	36,50,000	37,00,000	37,00,000
Sugar (countervailing duties, 1899)	2,31,997	8,614	666	...	...	...
Do. (do., 1902)	20,573	12,850	1,238	...	...	...
<i>General Import Duties.</i>						
Articles of Food and Drink (excluding Sugar)	15,45,568	18,16,188	19,15,004	20,50,000	19,60,000	20,50,000
Sugar (ordinary duties)	29,27,323	32,49,459	39,91,339	39,50,000	45,00,000	50,00,000
Chemicals, Drugs, Medicines and Narcotics and Dyeing and Tanning Materials	13,83,834	13,90,125	14,48,517	15,00,000	15,10,000	15,60,000
Cotton Manufactures	98,83,603	1,21,09,997	1,32,88,991	1,35,00,000	1,28,50,000	1,35,00,000
Metals and Manufactures of:—						
Silver, Bullion and Coin	40,27,301	41,11,942	29,33,851	30,00,000	41,50,000	37,00,000
Other Metals and Manufactures of Metals	34,18,323	34,63,265	30,78,074	33,00,000	34,25,000	35,00,000
Oils (excluding Petroleum)	92,941	96,220	1,23,624	1,25,000	1,85,000	1,85,000
Manufactured Articles	70,81,173	81,59,549	82,78,001	85,00,000	83,50,000	84,50,000
Raw Materials and Unmanufactured Articles	9,17,898	10,28,998	12,11,786	13,25,000	11,25,000	12,48,000
TOTAL IMPORTS	4,44,32,844	4,88,37,270	5,00,90,073	5,10,13,000	5,06,95,000	5,33,41,000
EXCISE DUTY ON COTTON GOODS	20,77,449	23,81,825	27,06,784	30,00,000	27,50,000	29,00,000
EXPORT DUTIES—						
Rice	1,20,31,375	1,31,85,757	1,15,11,233	1,20,00,000	1,02,00,000	1,17,50,000
LAND CUSTOMS AND MISCELLANEOUS	9,52,802	10,21,710	9,12,174	9,50,000	9,61,000	9,42,000
GRAND TOTAL	5,94,94,470	6,54,26,562	6,52,20,264	6,69,63,000	6,46,06,000	6,89,33,000
Equivalent in Sterling	3,966,298	4,361,771	4,348,017	4,464,200	4,307,100	4,595,500
Charges	25,20,550	26,83,465	27,30,322	28,70,000	29,59,000	31,11,000
Equivalent in Sterling	168,037	178,898	82,021	191,300	197,300	207,400
England	128	348	438	200	200	100
TOTAL	168,165	179,246	182,459	191,500	197,500	207,500

209. The failure of the Customs revenue to work up to the Budget Estimate in the current year is mainly due to the set-back in the receipts from the import of spirits and the export of rice. The increase in the duty on spirits and liqueurs from the 26th February 1906 led to a rush of imports and withdrawals from bond at the end of 1905-1906, with a view to obtaining the benefit of the old tariff. Since then there has been a marked falling off in imports; but stocks are now being replenished and a normal recovery is anticipated for 1907-1908. The drop in the receipts from the export duty on rice is due to the larger consignments from Burma to Indian ports in consequence of scarcity in Bengal and Eastern Bengal, as well as to the restriction of the Bengal exports for the same reason. The only other important differences from the original estimates of the current year are under cotton manufactures, sugar, and silver. The imports of manufactured cotton have presumably been checked by the movement in favour of indigenous articles. On the other hand, there has been a very marked increase in the imports of sugar from Germany. The rise in the price of silver will probably stem the great demand for that metal which has characterised the current year; but under the other main heads a steady improvement is expected in 1907-1908.

ASSESSED TAXES.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
Deduction by Government from Salaries, Pensions, and Interest payments . . .	42,56,216	43,93,912	45,44,157	45,60,000	47,23,000	47,90,000
Other Collections . . .	1,39,63,760	1,46,53,120	1,52,76,742	1,55,88,000	1,64,41,000	1,67,03,000
TOTAL R	1,82,19,976	1,90,47,032	1,98,20,899	2,01,48,000	2,11,64,000	2,14,93,000
Equivalent in Sterling .	1,214,665	1,269,802	1,321,393	1,343,200	1,410,900	1,432,900
Charges . . . R	3,48,126	3,21,253	3,39,382	3,49,000	3,60,000	3,65,000
Equivalent in Sterling .	23,208	21,417	22,626	23,200	24,000	24,300

210. In the current year the collections exceed the original estimate in every province except Burma; the rise being particularly noticeable in Bombay, where the profits from the cotton mills in 1905-1906 were, very, high. A considerable retrogression having occurred this year, the Budget figure for Bombay has dropped by 3 lakhs. In the other provinces a steady upward movement is provided for; especially in Bengal, where the great activity in trade during the current year should be reflected in the assessments of next year.

FOREST.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
REVENUE.						
India . . . R	2,22,16,747	2,40,29,950	2,66,74,593	2,68,11,000	2,70,06,000	2,83,35,000
Equivalent in Sterling .	1,481,116	1,601,997	1,778,306	1,787,400	1,800,400	1,889,000
England . . . £	...	...	1,260	2,500	2,200	800
TOTAL £	1,481,116	1,601,997	1,779,566	1,789,900	1,802,600	1,889,800
EXPENDITURE.						
India . . . R	1,21,66,993	1,29,67,856	1,42,58,521	1,46,72,000	1,45,78,000	1,59,87,000
Equivalent in Sterling .	811,133	864,524	950,568	978,100	971,900	1,065,800
England . . . £	2,485	4,614	4,250	7,400	9,200	5,100
TOTAL £	813,618	869,138	954,818	985,500	981,100	1,070,900
NET REVENUE £	667,498	732,859	824,748	804,400	821,500	818,900

211. The rise in revenue, as compared with the current year's Budget Estimate, would have been higher except for a drop of lakhs in Burma. There is a moderate improvement in the Central Provinces, the United Provinces and Madras: but the chief increase has occurred in Bombay, where the Forest Department has received credit for large sales of grass in relief of a scarcity of fodder. This source of income will not require to be drawn upon next year, it is hoped; and the Budget figure is below the Revised in Bombay. Elsewhere, provision has been made for a moderate increase in revenue, especially in Burma, where also there is an addition of R2,00,000 for Kheddah receipts, which were not formerly taken to this head. The increased expenditure in next year is due to revision of subordinate and clerical establishments, to larger outlay on communications and buildings, and to the introduction of the time-scale of pay for the Superior Forest Service.

FINANCIAL STATEMENT OF THE INTEREST RECEIPTS.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
India . . . R	1,13,14,112	1,03,36,614	1,06,06,641	1,11,87,000	1,05,26,000	1,27,91,000
Equivalent in Sterling .	754,274	689,108	707,109	743,800	701,700	852,700
England . . . £	141,788	160,471	237,877	109,200	247,100	109,400
TOTAL . . . £	896,062	849,579	944,986	853,000	948,800	962,100

212. In India the interest receipts have been diminished in the current year by Rs. 3,50,000 which it was estimated that the Simla-Kalka Railway would pay on its loan: the purchase of the line by Government having wiped out the liability. There has also been a transfer of Rs. 5,96,000 from the estimates for the current year to those of next year, there being some doubt whether a payment of that amount, which is now due from the Calcutta Port Commissioners, will be made before the 31st of March. In most provinces, the Estimate has been fully realized, and in Bombay it has been exceeded by reason of good recoveries from the Kathiawar States and on agricultural loans. In England the great improvement in this year's figures is the result of the very favourable rates of interest which have been prevailing in the London market, and of the large sums which the Secretary of State has been able to lend out of his surplus balances in consequence of his heavy drawings of Council Bills. For next year a more normal figure is taken in England, and in India an increase is expected mainly in the interest on agricultural loans and on capital advanced to Railway Companies.

INTEREST EXPENDITURE.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
Interest on Debt—	R	R	R	R	R	R
India . . .	4,17,76,092	4,28,54,060	4,39,66,257	4,57,00,000	4,59,00,000	4,67,00,000
Deduct charged to—						
Irrigation . . .	1,49,13,519	1,52,28,363	1,56,21,842	1,61,88,000	1,61,69,000	1,68,44,000
Railways . . .	5,24,72,714	5,52,79,467	5,87,73,158	6,20,69,000	6,31,73,000	6,67,73,000
Balance charged to Interest . . .	—2,56,10,141	—2,76,53,770	—3,04,28,743	—3,25,57,000	—3,34,42,000	—3,69,17,000
Equivalent in Sterling	£	£	£	£	£	£
England . . .	—1,707,343	—1,843,585	—2,028,583	—2,170,400	—2,229,400	—2,461,100
	2,983,545	3,045,165	2,983,370	2,972,100	3,069,800	3,020,900
TOTAL . . .	1,276,202	1,201,580	954,787	801,700	840,400	559,800
Interest on other Obligations—						
On Savings Bank Balances converted at Rs = £1 . . .	280,968	305,787	312,028	330,800	347,300	359,500
Other items . . .	140,457	139,578	143,120	146,300	147,900	143,600
GRAND TOTAL £ .	1,697,627	1,646,945	1,409,935	1,278,800	1,335,600	1,062,900
Debt outstanding, March 31—	£	£	£	£	£	£
Sterling . . .	133,045,844	132,887,191	146,457,439	147,867,591	147,707,539	150,707,539
Rupee Debt—	R	R	R	R	R	R
4 per cent . . .	4,47,61,525	4,35,61,525	4,15,06,325	4,03,11,525	4,03,06,325	3,91,04,325
3½ per cent . . .	1,02,65,22,700	1,05,05,35,200	1,09,65,35,700	1,14,15,35,200	1,14,15,35,700	1,17,15,35,700
3 per cent . . .	11,07,10,300	11,07,11,100	11,07,12,100	11,07,11,100	11,07,12,100	11,07,12,100
Other Debt . . .	1,22,48,510	1,21,70,410	1,20,56,493	1,20,15,410	1,19,85,493	1,19,10,493
Savings Bank Balances	14,36,75,142	15,61,55,910	16,39,85,179	17,15,63,910	17,32,92,179	18,27,01,179

213. The excess in the Debt charges in India in the Revised over the Budget figure for the current year is due to the charges in connection with the $4\frac{1}{2}$ crore loan having been higher than there was reason to expect when the estimate was framed in March 1906. The estimate otherwise was a full one; but any saving on it has been counterbalanced by the interest payments (about $3\frac{1}{2}$ lakhs) on the loan taken from the Gold Standard Reserve. The addition of 8 lakhs for next year is due to the increase of the rupee debt; but, as this is more than outpaced by the increase of productive capital expenditure, the balance of interest charged to ordinary debt is steadily decreasing. The Revised figure of the charges in England is higher than the original estimate by the expenses of the sterling loan raised in 1906-1907, for which—in accordance with the usual practice—no special provision was made.

214. The check in the growth of Savings Bank deposits, to which reference was made last year, has now disappeared, and the net deposits, in spite of the agricultural depression in parts of India, have been materially better than expectation. Next year a further moderate increase is provided for.

POST OFFICE.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
REVENUE.						
India . . . R	2,26,07,287	2,36,39,706	2,47,72,167	2,59,06,000	2,64,81,000	2,69,36,000
Equivalent in Sterling .	1,507,153	1,575,980	1,651,477	1,727,100	1,765,400	1,795,700
EXPENDITURE.						
India . . . R	1,94,77,958	2,05,01,683	2,18,19,024	2,30,77,000	2,30,47,000	2,44,21,000
Equivalent in Sterling .	1,298,530	1,366,779	1,454,602	1,538,500	1,536,500	1,628,100
England . . . £	104,694	153,034	121,334	62,400	62,800	61,700
TOTAL . . . £	1,403,224	1,519,813	1,575,936	1,600,900	1,599,300	1,689,800
TOTAL NET REVENUE £	103,929	56,167	75,541	126,200	166,100	105,900

215. The Revised shows an improvement over the original Estimate by about 5 lakhs from the sale of Postage Stamps. For next year a further rise of 12 lakhs would ordinarily have been anticipated under the same head, with about $1\frac{1}{2}$ lakhs increase under Money Order fees; but the reduction of rates, as explained in paragraph 157, will swallow up the greater part of the improvement in receipts for which provision would otherwise have been made. The additional expenditure in 1907-1908 provides for revision of establishments and for an increase of about 6 lakhs in the cost of carrying mails, railway charges, and construction of new vans and vehicles.

FINANCIAL STATEMENT OF THE
TELEGRAPH.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
REVENUE.						
Revenue Accounts—						
India . . . R	1,27,66,375	1,34,06,813	1,35,40,107	1,40,00,000	1,41,58,000	1,47,59,000
Equivalent in Sterling	851,092	893,788	902,674	933,300	943,900	983,900
England . . £	6,543	4,135	7,180	4,800	8,600	8,000
TOTAL . . £	857,635	897,923	909,854	938,100	952,500	991,900
EXPENDITURE.						
Revenue Accounts—						
India . . . R	88,11,582	90,93,488	96,96,237	99,52,000	1,04,17,000	1,10,79,000
Equivalent in Sterling	587,439	606,233	646,416	663,500	694,500	738,600
England . . £	58,920	27,284	42,204	63,600	52,200	53,800
	646,359	633,517	688,620	727,100	746,700	792,400
Capital Expenditure—						
India . . . R	12,87,134	15,48,646	16,86,904	20,47,000	17,03,000	12,88,000
Equivalent in Sterling	85,809	103,243	112,460	136,400	113,500	85,900
England . . £	184,656	165,508	275,409	291,500	275,000	201,800
	270,465	268,751	387,869	427,900	388,500	287,700
TOTAL . . £	916,824	902,268	1,076,489	1,155,000	1,135,200	1,080,100
TOTAL NET REVENUE £	—59,189	—4,345	—166,635	—216,900	—182,700	—88,200

216. The message revenue in the Indian Section has been somewhat better than expectation this year; but in the Indo-European Section it has not yet recovered from the reduction in the foreign tariff rates in 1905-1906. The increase of wire mileage has led to an unexpected improvement in the miscellaneous receipts from the rents of railway, canal and private lines.

217. The decline in capital expenditure in the Revised is due to short outlay on construction work in Persia and the Persian Gulf. For next year a normal figure has been taken, as the requirements for departmental lines are not expected to be as heavy as in the current year: the stores expenditure in England has been correspondingly reduced. The ordinary expenditure grows with the steady increase of traffic; provision is also made in the 1907-1908 Budget for customs compensation and increased rates of local allowances.

MINT.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
REVENUE.						
India . . . R	4,32,70,754	30,95,454	48,17,052	30,29,000	62,36,000	36,79,000
Equivalent in Ster- ling . . .	2,884,717	206,364	321,137	201,900	415,700	245,300
England . . £	49	46	46	...	...	...
TOTAL £	2,884,766	206,410	321,183	201,900	415,700	245,300
EXPENDITURE.						
India . . . R	4,16,62,331	15,52,767	16,29,649	14,65,000	19,40,000	17,66,000
Equivalent in Ster- ling . . .	2,777,489	103,518	108,643	97,700	129,300	117,700
England . . £	8,096	14,359	11,436	41,600	31,800	33,100
TOTAL £	2,785,585	117,877	120,079	139,300	161,100	150,800
TOTAL NET REVENUE £	99,181	88,533	201,104	62,600	254,600	94,500

218. The current year has been one of extraordinary activity in the Mints. The rupee coinage has been the largest on record, and there has also been a very heavy outturn of small silver and bronze. The seignorage on the silver coinage has exceeded the Budget Estimate by about 23 lakhs, and the gain on the bronze coinage by about 8 lakhs. For next year it would be unsafe to calculate on a continuance of this heavy output, and a moderate figure has been taken. It includes 2 lakhs as probable gain on the new one-anna nickel coin; the approximate figure cannot be conjectured until the coin is issued. The excess expenditure in the current year is the result of extra establishment and overtime wages due to the very heavy work.

EXPENDITURE ON CIVIL DEPARTMENTS.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
INDIA.	₹	₹	₹	₹	₹	₹
General Administration	1,82,06,139	1,80,47,997	1,95,48,630	1,91,86,000	1,97,18,000	2,00,88,000
Law and Courts	3,41,38,317	3,50,66,547	3,61,44,067	3,76,16,000	3,80,59,000	3,79,39,000
Justice. { Jails	1,06,95,458	1,05,97,958	1,19,00,916	1,17,58,000	1,25,46,000	1,23,61,000
Police	4,62,95,126	4,73,72,897	5,04,37,150	5,64,03,000	5,53,25,000	5,93,79,000
Marine	66,82,412	75,47,002	64,49,219	67,18,000	65,71,000	63,84,000
Education	2,04,57,210	2,21,18,676	2,44,86,930	2,86,01,000	2,70,09,000	3,03,00,000
Ecclesiastical	16,92,069	18,09,727	18,16,331	18,04,000	18,53,000	19,73,000
Medical	1,41,36,131	1,48,59,661	1,56,84,652	1,66,33,000	1,65,14,000	1,74,38,000
Political	1,04,62,173	1,17,93,681	1,40,68,595	1,42,72,000	1,51,34,000	1,39,82,000
Scientific and Minor Departments	77,32,054	75,34,631	92,03,566	1,08,46,000	99,54,000	1,15,72,000
TOTAL INDIA	17,04,97,089	17,67,48,777	18,97,40,886	20,38,97,000	20,26,83,000	21,14,07,000
Equivalent in Sterling	£ 11,366,473	£ 11,783,252	£ 12,649,339	£ 13,593,100	£ 13,512,200	£ 14,093,800
ENGLAND.						
General Administration	279,602	272,236	290,342	276,000	282,400	333,600
Marine	281,182	292,519	250,099	314,000	335,700	255,500
Other heads	51,975	51,756	68,709	100,200	85,600	95,100
TOTAL ENGLAND	612,759	616,511	609,150	690,200	703,700	684,200
TOTAL INDIA AND ENG- LAND	11,979,232	12,399,763	13,258,489	14,283,300	14,215,900	14,778,000

219. These figures have already been discussed in Sections II and III. Excesses over the current year's budget are mainly explained by about 2 lakhs on account of charges in connection with the State visit to Agra; $1\frac{1}{2}$ lakhs in connection with the establishment of the Military Finance Department; increased judicial establishments in Eastern Bengal and Assam; compensation to minor employes for the dearness of grain; increased dietary charges for prisoners due to the same reason; about 3 lakhs of plague expenditure in Burma beyond the budget provision; and finally, the charges incidental to His Majesty the Amir's visit to India. The savings in this year's allotments are due to the grants for Police reforms, Education, Veterinary and Agricultural development not being fully utilized in most of the provinces. In the Budget for 1907-1908 a number of the abnormal items of the current year disappear: and the more important additional provisions are under Police, Education, Survey and Agriculture. Under the first of these heads, the general scheme of police reforms claims the bulk of the increase, being mainly financed by the $22\frac{1}{2}$ lakhs of special grants from Imperial revenues. Education receives an addition of nearly 33 lakhs, of which 5 lakhs is a lump provision for Primary Education in Madras, and 2 lakhs for Primary Schools in Bombay City; the balance being spread pretty equally over all the provinces. The increase of about 3 lakhs in Survey charges includes the first instalment of expenditure under the scheme for reorganizing the Survey of India which is the result of the recommendations of the Survey Committee.

FINANCIAL STATEMENT OF THE
MISCELLANEOUS CIVIL CHARGES.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
INDIA.	R	R	R	R	R	R
Territorial and Political Pensions	36,99,387	35,65,635	35,33,235	36,28,000	34,89,000	34,11,000
Civil Furlough and Absentee Allowances	4,271	778	3,195	6,000	4,000	6,000
Superannuation Allowances and Pensions	1,26,66,561	1,33,63,407	1,38,48,762	1,45,01,000	1,43,67,000	1,49,65,000
Stationery and Printing	68,96,961	70,82,119	70,16,120	76,23,000	81,34,000	82,26,000
Miscellaneous	64,80,127	36,96,049	47,22,819	34,42,000	41,49,600	35,29,000
TOTAL INDIA	2,97,47,307	2,77,07,988	2,91,24,132	2,92,00,000	3,01,43,000	3,01,37,000
Equivalent in Sterling	£ 1,983,154	£ 1,847,199	£ 1,941,609	£ 1,946,700	£ 2,009,500	£ 2,009,100
ENGLAND.						
Civil Furlough and Absentee Allowances	238,303	218,692	234,473	243,000	250,200	320,000
Superannuation Allowances and Pensions	2,011,722	2,019,439	2,019,297	2,021,500	2,033,000	2,041,500
Other Heads	116,466	179,460	122,734	112,300	149,200	142,900
TOTAL ENGLAND	2,366,491	2,417,591	2,376,504	2,376,800	2,432,400	2,504,400
TOTAL INDIA AND ENGLAND	4,349,645	4,264,790	4,318,113	4,323,500	4,441,900	4,513,500

220. The excess over the current year's Budget provision under Miscellaneous is due mainly to the cost of the Excise, Telegraph and Assam Labour Committees. Under Civil Furlough and Absentee Allowances in the English Estimates for 1907-1908, provision is made for the payment by the India Office of their privilege leave allowances to those officers who are on combined leave in England. These allowances have been taken in the past to the same heads as the salaries of the officers drawing them.

FAMINE RELIEF AND INSURANCE.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
Famine Relief	3,05,264	31,165	20,38,309	80,86,000	46,89,000	9,04,000
Construction of Protective Railways	14,49,083	17,37,184	8,29,170	1,01,000	79,000	35,000
Construction of Protective Irrigation Works	21,66,690	32,25,200	44,48,593	66,14,000	52,53,000	70,00,000
Reduction or Avoidance of Debt	96,64,163	1,00,06,451	76,83,928	1,99,000	49,73,000	70,61,000
TOTAL R	1,35,85,200	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000
Net charge on account of the Bengal Nagpur and the Indian Midland Railways shown in the Railway Revenue Account	14,14,800	...	...	...	...	...
TOTAL EXPENDITURE CHARGEABLE TO THE FAMINE GRANT R	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000	1,50,00,000
Equivalent in Sterling £	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000

221. As has frequently been explained before, this fixed grant of 1½ crores is devoted, firstly, to actual Famine Relief; then, if not fully required for this purpose, to expenditure (not exceeding 75 lakhs) on Protective railways and irrigation works; and lastly, if any balance remains, to capital expenditure which would otherwise be met from loan funds. The cost of actual famine relief in the current year is expected to be about 8 lakhs in Bengal, nearly 19½ lakhs in the United Provinces, 12½ lakhs in Bombay, and 5 lakhs in Ajmer and Rajputana; the expenditure, except in Bengal, being considerably less than had

been anticipated. For next year the only important provision is 8 lakhs in Bengal. Under Protective irrigation works the full allotment of the current year could not be spent, partly owing to the postponement of certain works and partly owing to scarcity of labour.

RAILWAY REVENUE ACCOUNT.

	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
STATE RAILWAYS—	₹	₹	₹	₹	₹	₹
Gross Receipts . . .	30,86,48,869	34,35,05,055	35,41,43,167	38,52,29,000	39,00,69,000	40,18,63,000
Working Expenses . . .	15,56,72,365	10,94,31,560	10,95,16,463	18,58,22,000	19,14,29,000	19,78,41,000
Net Receipts . . .	15,29,76,504	17,40,73,495	18,49,26,704	19,94,07,000	19,86,40,000	20,40,22,000
Net Revenue equivalent at ₹15 = £1 . . .	10,198,433	11,604,900	12,328,447	13,293,800	13,242,700	13,601,500
Surplus Profits pay- able to Companies, Interest and other Charges—						
India converted at ₹15 = £1 . . .	3,526,753	3,715,315	4,315,433	4,588,800	4,658,000	4,928,600
England . . .	5,557,330	5,624,051	5,735,338	6,238,300	6,187,900	6,278,800
Net Result . . .	1,114,350	2,265,534	2,277,676	2,466,700	2,396,800	2,394,100
GUARANTEED RAIL- WAYS—						
Net Traffic Receipts converted at ₹15 = £1 . . .	941,463	1,074,814	921,975	417,700	415,800	410,000
Surplus Profits pay- able to Companies, Interest and other Charges—						
India converted at ₹15 = £1 . . .	117,311	138,593	128,913	2,600	43,700	36,500
England . . .	1,032,772	1,045,143	1,038,620	584,800	584,800	581,800
Net Result . . .	—208,620	—108,922	—245,558	—169,700	—212,700	—208,300
Other Receipts . . .	39,812	47,314	42,628	55,000	58,900	60,300
Other Charges . . .	84,873	98,488	72,780	122,700	85,200	96,400
Net Result . . .	—45,061	—51,174	—30,152	—67,700	—26,300	—36,100
TOTAL NET RESULT .	860,669	2,105,438	2,001,966	2,229,300	2,157,800	2,149,700
STATISTICS—						
State Railways—						
Capital Expenditure to March 31—						
Expenditure by Government . . .	122,406,787	127,491,492	148,466,306	153,848,792	156,409,306	160,978,806
Expenditure by Companies . . .	40,392,021	41,614,265	41,887,721	43,861,565	43,479,221	45,043,421
Outlay on the East Indian Railway from Debentures raised by the Company . . .	5,630,490	6,194,127	7,572,122	9,422,127	7,572,122	9,822,122
Outlay on the South Indian Railway by the Company . .	1,001,250	1,401,250	1,511,250	1,511,250	1,511,250	1,511,250
Outlay on the Bombay, Baroda and Central India Railway by the Company . . .	...	...	...	...	...	400,000
TOTAL . . .	169,430,548	176,701,134	199,437,399	208,643,734	208,971,899	217,755,599
Miles open on April 1 . . .	20,119	20,744	20,330	21,521	21,523	22,286
Guaranteed Rail- ways—						
Miles open on April 1 . . .	1,349	1,408	1,408	904	904	904

222. The figures under this head have already been analyzed and discussed in Sections II and III.

223. Taking the Railway Revenue Account as a whole, the Budget Estimate for next year compares as follows with the Budget and Revised Estimates of the current year :—

	IN HUNDREDS OF POUNDS STERLING			IN THOUSANDS OF RUPEES.		
	1906-1907.		1907-1908.	1906-1907.		1907-1908.
	Budget.	Revised.	Budget.	Budget.	Revised.	Budget.
	£	£	£	₹	₹	₹
Gross Receipts, including net receipts of Guaranteed Railways, and repayments of advances of interest by Subsidised Companies.	26,154.6	26,479.3	27,261.2	39,23.19	39,71.89	40,89.17
Working Expenses	12,388.1	12,761.9	13,189.4	18,58.22	19,14.29	19,78.41
Interest, Annuities, Surplus profits payable to Companies, etc. . .	11,414.5	11,474.4	11,825.7	17,12.17	17,21.18	17,73.86
Miscellaneous Charges	122.7	85.2	96.4	18.40	12.78	14.46
NET RECEIPTS	2,229.3	2,157.8	2,149.7	3,34.40	3,23.64	3,22.44

224. The net profit accruing to Government from railways is thus expected to amount to £2,149,700 next year, being less than the Revised Estimate of the current year by £8,100 and £79,600 worse than the current year's Budget.

IRRIGATION.

IRRIGATION.	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
	₹	₹	₹	₹	₹	₹
MAJOR WORKS.						
Revenue { Direct Receipts	2,88,00,449	2,99,14,971	2,80,37,332	3,18,12,000	3,52,03,000	3,32,88,000
Land Revenue	1,25,57,090	1,33,98,743	1,45,31,687	1,42,82,000	1,49,54,000	1,54,76,000
Expenditure { Working Expenses	1,21,61,268	1,31,29,212	1,34,67,347	1,35,17,000	1,42,51,000	1,39,82,000
Interest	1,49,13,519	1,52,28,363	1,56,21,842	1,61,88,000	1,61,69,000	1,68,44,000
NET REVENUE	1,42,82,752	1,49,56,139	1,34,79,830	1,63,89,000	1,97,37,000	1,79,38,000
Equivalent in Sterling £	952,183	997,076	898,656	1,092,600	1,315,800	1,195,900
MINOR WORKS.						
Receipts—Direct	23,18,910	27,51,819	25,30,923	26,56,000	28,10,000	26,15,000
Expenditure	1,31,25,317	1,34,37,717	1,41,17,297	1,51,89,000	1,35,80,000	1,50,31,000
NET EXPENDITURE	1,08,06,407	1,06,85,898	1,15,86,374	1,25,33,000	1,07,70,000	1,24,16,000
Equivalent in Sterling £	720,427	712,393	772,425	835,500	718,100	827,700
STATISTICS OF MAJOR WORKS.						
Capital Outlay to March 31	37,93,59,394	38,70,76,454	39,97,32,861	41,75,94,454	41,67,61,861	43,57,46,861
Equivalent in Sterling £	25,290,626	25,805,097	26,648,857	27,839,630	27,784,124	29,049,791

225. Even the very high estimate which was framed for the current year of direct receipts from irrigation has been exceeded: in the United Provinces by ₹19,17,000, in the Punjab by ₹11,85,000 and by smaller amounts elsewhere. In the United Provinces the acreage supplied with canal water during the *rabi* of 1905-1906 was the highest on record. In the Punjab there was a great development of irrigation from the Sirhind, Western Jumna, and Upper Bari Doab Canals. For next year, a reversion to more normal conditions is anticipated in both provinces. The improvement in the amount of land revenue credited to irrigation

occurs mainly in Sind, and is the result of the extension of cultivation rendered possible by canal water.

226. The increase of Working Expenses during the current year is almost wholly in the Punjab, and is due to greater activity in pushing on important works and repairs. Next year's figure has been susceptible of a corresponding reduction; but provision is made for expenditure on the Shwebo Canal in Burma, which will be in operation next year. The interest charges rise with the growth of the capital expenditure on irrigation.

227. Under Minor Works the chief advance in the current year has been in the Punjab, mainly from an increased employment of the Lower Sutlej Inundation Canals, and in Bombay, chiefly from recoveries of arrears in the Satara district. The receipts for next year are taken at a more normal figure.

OTHER PUBLIC WORKS.

EXPENDITURE.	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
	R	R	R	Budget. R	Revised. R	R
India—						
Military Works	1,47,25,195	1,39,79,372	1,57,00,574	1,70,85,000	1,59,59,000	1,84,82,000
Civil Works, Imperial	86,48,595	1,04,43,283	1,07,73,304	96,74,000	1,00,27,000	1,09,10,000
Civil Works, Provincial	4,00,31,031	4,04,57,921	4,53,05,780	5,03,30,000	4,93,73,000	5,11,01,000
Civil Works, Local	1,89,73,803	1,96,64,996	2,31,23,678	2,42,90,000	2,30,83,000	2,51,58,000
Construction of Railways charged to Provincial or Local Revenues	3,98,248	93,754	1,07,933	73,000	55,000	31,000
TOTAL INDIA	8,27,76,872	8,46,39,326	9,50,11,269	10,14,52,000	9,84,97,000	10,56,82,000
Equivalent in Sterling	£ 5,518,458	£ 5,642,621	£ 6,334,085	£ 6,763,500	£ 6,566,500	£ 7,045,500
England—						
Military Works	£ 52,974	£ 49,641	£ 48,199	£ 30,400	£ 62,000	£ 27,000
Civil Works	£ 92,026	£ 73,882	£ 75,023	£ 70,300	£ 68,600	£ 57,200
TOTAL EXPENDITURE	£ 5,663,458	£ 5,766,144	£ 6,457,307	£ 6,864,200	£ 6,697,100	£ 7,129,700
RECEIPTS.						
India	R 79,39,985	R 76,84,868	R 77,60,682	R 76,35,000	R 82,30,000	R 82,29,000
Equivalent in Sterling	£ 529,332	£ 512,324	£ 517,379	£ 509,000	£ 548,700	£ 548,600
England	£ 26,171	£ 26,229	£ 19,338	£ 6,600	£ 10,000	£ ...
TOTAL RECEIPTS	£ 555,503	£ 538,553	£ 536,717	£ 515,600	£ 558,700	£ 548,600

228. The Military Works expenditure in India was short of the estimate for the current year by reason of difficulties in carrying out the full programme of buildings consequent on Lord Kitchener's reorganization scheme. For next year, more rapid progress is expected; and the Department has also taken over certain charges connected with electric lighting and water-supply in barracks and cantonments which were formerly debited to the head Army.

229. Under Imperial Civil Works the chief excesses over budget provision have been in the purchase of land and buildings in Calcutta for the construction of a new Secretariat office, in a special grant for the Daly College at Indore, and for settlement buildings in Eastern Bengal. The larger provision for next year is partly due to the fact that Civil Works was formerly an entirely Provincial head in Burma, and that under the new settlement a provision has had to be made of 3,38 for Imperial Works in that province. Among other items which had to be considered in fixing the higher grant for next year may be mentioned a grant of 4 lakhs for the Daly College at Indore and of 5 lakhs for the new agricultural buildings at Pusa. The decrease in the charges to be incurred next year for Civil Works in England is mainly due to the closing of the Royal Indian Engineering College at Cooper's Hill.

FINANCIAL STATEMENT OF THE ARMY SERVICES.

EXPENDITURE.	Accounts, 1903-1904.	Accounts, 1904-1905.	Accounts, 1905-1906.	1906-1907.		1907-1908, Budget.
				Budget.	Revised.	
INDIA—	R	R	R	£	£	£
<i>Effective Services—</i>						
Regimental Pay and Allowances.	8,85,44,754	9,81,48,328	10,20,30,717	10,67,86,000	10,40,23,000	10,75,85,000
Supply and Transport . . .	4,19,01,868	4,23,40,078	4,49,48,266	4,74,78,000	4,87,37,000	4,91,45,000
Ordnance . . .	1,09,25,486	1,17,88,401	1,26,01,944	1,36,78,000	1,30,50,000	1,50,30,000
Other Heads . . .	4,13,42,750	4,30,63,249	3,47,43,022	3,55,25,000	3,71,31,000	3,69,96,000
	18,27,14,858	19,53,40,056	19,43,23,949	20,34,67,000	20,29,41,000	20,87,56,000
<i>Non-effective Services</i>	1,00,92,048	1,00,80,632	1,02,95,803	1,01,92,000	1,00,91,000	1,01,47,000
<i>Reorganisation</i> . . .	...	61,67,087	68,81,904	...	...	...
TOTAL INDIA . . .	19,28,06,906	21,15,87,775	21,15,01,656	21,36,59,000	21,30,32,000	21,89,03,000
Equivalent in Sterling . . .	£ 12,853,793	£ 14,105,851	£ 14,100,110	£ 14,243,900	£ 14,202,100	£ 14,593,500
ENGLAND—						
<i>Effective Services—</i>						
Payments to War Office in respect of British Forces serving in India .	627,109	644,552	565,720	650,000	670,500	667,500
Furlough Allowances and Pay during Voyage of British Forces	141,132	124,465	129,263	130,000	146,000	129,000
Furlough Allowances of Officers of the Indian Service . . .	261,115	269,603	292,877	270,000	320,000	300,000
Indian Troop Service . . .	360,039	370,944	313,810	319,000	365,000	355,500
Other Heads . . .	55,285	64,971	50,915	50,000	44,200	49,400
Stores for India—						
Clothing . . .	238,956	212,903	192,966	198,400	206,500	256,200
Ordnance and Miscellaneous . . .	795,670	1,142,545	433,277	475,800	1,344,800	425,100
Reorganization . . .	...	...	...	1,002,200	...	...
Other Heads . . .	139,474	116,142	87,837	103,900	102,000	112,700
	2,618,780	2,946,125	2,066,665	3,199,300	3,199,000	2,295,400
<i>Non-effective Services—</i>						
Payments to War Office for Retired Pay, etc., of British Forces for services in India .	659,895	729,615	715,283	745,000	772,700	807,000
Pay and Pensions in respect of the Indian Service . . .	1,580,924	1,543,153	1,515,868	1,500,000	1,505,000	1,500,000
Other Heads . . .	151,816	164,584	153,637	158,500	153,300	155,000
	2,392,635	2,437,352	2,384,788	2,403,500	2,431,000	2,462,000
<i>Reorganization—</i>						
Stores for India . . .	...	686,366	715,567	...	...	...
TOTAL ENGLAND £ . . .	5,011,415	6,069,843	5,167,020	5,602,800	5,630,000	4,757,400
TOTAL EXPENDITURE £ . . .	17,865,208	20,175,694	19,267,130	19,846,700	19,832,100	19,350,900
RECEIPTS.	R	R	R	R	£	£
India . . . R . . .	95,85,634	91,02,271	99,30,824	1,14,18,000	1,10,55,000	1,01,05,000
Equivalent in Sterling . . .	£ 639,042	£ 606,818	£ 602,055	£ 761,200	£ 737,000	£ 673,700
England . . . £ . . .	450,386	354,113	527,641	303,300	378,300	390,100
TOTAL RECEIPTS £ . . .	4,089,428	960,931	1,129,696	1,064,500	1,115,300	1,063,800

230. These figures form the subject of a special appendix by the Military Finance Secretary.

Section V.—Capital Expenditure on Railways and Irrigation Works
not charged to Revenue.

RAILWAY CONSTRUCTION.

231. The expenditure on Railway Construction for which the Government of India undertakes financial responsibility or gives any direct guarantee is now estimated at R14,61,16,000 in 1906-1907. There was a lapse of about a crore of rupees from the amounts placed at the disposal of the Secretary of State and of some of the Railway Companies' Boards, but this lapse has, to a large extent, been counterbalanced by increased grants for expenditure in India.

232. For 1907-1908 the programme of capital outlay on Railway Construction has been placed at R13,50,00,000.

233. The distribution of the total expenditure on Railway Construction between State and Companies' agency in each of the three years from 1905-1906 to 1907-1908 is as follows:—

	Accounts, 1905-1906.	Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.
<i>Expenditure in England.</i>	£	£	£
1. State Lines	2,049,305	2,593,100	3,626,600
2. Old Guaranteed Railways	397,422	372,600	461,500
3. Extensions of ditto	437	...	...
4. Other Guaranteed or Assisted Railways	729,589	1,066,300	1,326,900
TOTAL	3,176,753	4,032,000	5,415,000
<i>Equivalent in rupees of Expenditure in England.</i>	R	R	R
1. State Lines	3,07,39,568	3,88,97,000	5,43,99,000
2. Old Guaranteed Railways at contract rates	48,29,522	40,66,000	50,35,000
3. Extensions of ditto at prescribed rates	6,553	...	...
4. Other Guaranteed or Assisted Railways at contract rates	1,09,43,839	1,59,95,000	1,99,04,000
TOTAL	4,65,19,482	5,89,58,000	7,93,38,000
<i>Expenditure in India.</i>			
1. State Lines	11,04,13,408	8,01,14,000	5,38,27,000
2. Old Guaranteed Railways	—1,83,52,602	—17,63,000	—23,65,000
3. Extensions of ditto	2,464	12,000	40,000
4. Other Guaranteed or Assisted Railways	—39,95,314	78,41,000	35,30,000
5. Branch lines on firm guarantee	3,532	4,000	30,000
6. Local Boards' Lines	4,00,470	9,50,000	6,00,000
TOTAL INDIA	8,84,71,958	8,71,58,000	5,56,62,000
TOTAL OF PROGRAMME IN RUPEES	13,49,91,440	14,61,16,000	13,50,00,000
DITTO IN £ STERLING AT R15 TO THE £	8,999,430	9,741,100	9,000,000

234. The figures in the above table do not include the expenditure on Protective Railways met from the Famine Insurance grant, nor of Branch Line Companies not in receipt of a direct guarantee. Including this expenditure, and also some small expenditure from Provincial and Local Revenues, the total outlay on Railway Construction in the three years is as follows:—

	Accounts, 1905-1906.	Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.	<i>Total outlay on Railways including expenditure by Branch Line Companies and on Protective Lines, etc.</i>
	R	R	R	
Total as in preceding table	13,49,91,440	14,61,16,000	13,50,00,000	
Famine Protective lines	8,29,170	79,000	35,000	
Branch lines not on firm guarantee	6,94,036	8,52,000	2,09,000	
Provincial and Local State lines	1,07,933	55,000	31,000	
GRAND TOTAL IN RUPEES	13,65,22,579	14,71,02,000	13,52,75,000	
DITTO IN £ STERLING AT R15 TO THE £	9,108,172	9,806,800	9,018,400	

235. Details of the expenditure on State and Companies' lines, whether open or under construction, for 1906-1907 and 1907-1908, will be found in Statement A of Appendix III, furnished by the Railway Board.

CONSTRUCTION OF PRODUCTIVE IRRIGATION WORKS.

236. The figures are:—

	Accounts, 1905-1906.	Budget, 1906-1907.	Revised, 1906-1907.	Budget, 1907-1908.
Total in Rupees	83,42,910	1,25,00,000	1,23,46,000	1,25,00,000
Equivalent in Sterling	£556,194	833,300	823,100	833,300

*Capital outlay on
Productive
Irrigation Works.*

The decrease of Rs. 1,54,000 in the Revised Estimate as compared with the Budget Estimate is small and compares most favourably with the large lapses of several previous years under this important head. The Budget grant for 1907-1908 has again been fixed at Rs. 1,25,00,000.

Details.

237. The following table shows the projects included in the programme of 1906-1907 as now revised and in that of 1907-1908, and the amount to be spent on each:—

Name of project.	Expenditure in	
	1906-1907.	1907-1908.
<i>Canals in operation—</i>		
Mandalay Canal	10,000	...
Shwebo "	4,28,000	1,99,000
Ganges "	3,09,000	2,89,000
Lower Ganges Canal	2,85,000	3,34,000
Fatehpur Branch, Lower Ganges Canal	62,000	70,000
Agra Canal	5,04,000	3,78,000
Eastern Jumna Canal	63,000	79,000
Western " "	50,000	30,000
Upper Bari Doab "	1,14,000	4,80,000
Sirhind Canal	87,000	1,00,000
Lower Chenab Canal	17,000	2,00,000
Lower Jhelum "	4,04,000	5,00,000
Indus Inundation Canals	2,60,000	3,00,000
Godavari Delta	1,63,000	39,000
Kistna "	61,000	35,000
Penner River Canals	10,000	...
Cauvery Delta	1,27,000	76,000
Periyar Project	5,40,000	65,000
<i>Canals under construction—</i>		
Mon Canals	8,76,000	7,83,000
Ye-u Canal	1,30,000	18,000
Upper Chenab Canal	34,03,000	38,25,000
Upper Jhelum "	27,37,000	23,00,000
Lower Bari Doab Canal	1,00,000	5,00,000
Paharpur Inundation Canal	2,96,000	70,000
Upper Swat River Canal	78,000	70,000
Nagavalli River project	2,36,000	2,48,000
Divi Island project	7,74,000	4,37,000
<i>Other Projects</i>	2,22,000	5,75,000
<i>Reserve</i>	...	5,00,000
TOTAL R	1,23,46,000	1,25,00,000
Equivalent in Sterling £	823,100	833,300

Section VI.—Provincial Finance.

238. The system of *quasi*-permanent settlement described in paragraphs 211 to 213 of the Financial Statement of 1904-1905 has now been extended to Burma, *New settlement with Burma.* which was the only province remaining to be brought under the new system. The new settlement will come into effect from 1st April 1907. In accordance with the precedent of the most recent settlements, Burma has been given a one-half share of the principal divisible heads of revenue, with the exception of Registration, which will be wholly Provincial. Under the expiring settlement, the shares were three-fourths under Stamps, one-third under Excise and one-half under all the other divided heads. The province also enjoyed a half share of the Salt Revenue, which has now been wholly imperialized as in other provinces.

239. The Local Government receives a fixed assignment of Rs. 90,68,000 to cover the difference between its total revenue and its total expenditure. Furthermore, in order that it may start the settlement under favourable conditions and provide for non-recurring public works expenditure, it has been given an initial grant of 50 lakhs. Advantage has been taken of the new settlement to merge therein the special grants-in-aid to District Boards, and the grants for Police, Primary Education, Agricultural development, and European and Eurasian Education. Allowance has also been made for all further expenditure on police reform, so that the Province will not participate in the distribution of any fresh grant that may be made for this purpose in the future.

240. Some modifications of detail were introduced into the settlement made with Eastern Bengal and Assam. These had the effect of converting the fixed assignment of Rs. 6,23,000 (paragraph 221 of the last Financial Statement) from Provincial to Imperial into one of Rs. 60,000 from Imperial to Provincial. The special grants separately allowed for police reform and reorganisation of military police, which aggregated Rs. 4,25,000, have also been merged in the fixed assignment and have raised the latter to Rs. 4,85,000; but, as explained above, the real increase to the assignment amounted only to Rs. 6,83,000. *Modification of Eastern Bengal and Assam Settlement.*

241. In accordance with a promise originally made in 1904 the fixed assignment to Bengal has been increased by a sum of Rs. 1,67,000 on account of the reorganisation of the Provincial Service. A special assignment (non-recurring) of Rs. 2,23,000 has also been made to Bengal for certain expenditure incurred as a result of the partition in Assam but debited to the Eastern Bengal surplus for 1905-1906. *Grant to Bengal for reorganisation of Provincial Service, etc.*

242. As stated in paragraph 41 a further grant of 22½ lakhs will be made next year to ensure steady progress in the execution of the police reforms advocated by the Police Commission. This is in addition to the sum of nearly 8 lakhs allowed to Burma for the same purpose in the new settlement. It will be remembered that a recurring grant of 50 lakhs was made for this purpose in 1905-1906 and one of 25 lakhs in the current year. Some of the Local Governments, notably the United Provinces and the Punjab, have made steady progress with the reforms and have fully utilised the Imperial grants for the purpose for which they were given. Other Local Governments have not found it possible to push on their reforms at the same pace, and the consequence is that portions of the Imperial grants still remain in their balances. These sums will be available for expenditure when the reforms are ready for introduction; and the distribution of the lump grant for next year has accordingly been somewhat varied. In determining the allotments for each province, regard has been had not only to its requirements for next year, but to the unexpended portions of former grants which are now lying in its balances and can still be employed for their original purpose. The distribution of the grant for 1907-1908 is thus as follows :—

	R
Madras	1,00,000
Bombay	2,00,000
Bengal	4,00,000
Eastern Bengal and Assam	2,50,000
United Provinces	5,00,000
Punjab	5,50,000
Central Provinces	1,00,000
Minor Provinces	1,50,000
	<u>22,50,000</u>

Distribution of the grant for European and Eurasian Education.

243. As stated in paragraph 224 of the last Financial Statement, out of the five lakhs grant for technical schools and European and Eurasian education, R2,54,000 intended for the former was distributed in the Budget Estimate of the current year, but the balance was not distributed among the several provinces at the time. The amount has since been allotted as follows; the amount falling to the share of Burma having been merged in the fixed assignment under the new settlement :—

	R
Madras	40,000
Bombay	35,000
Bengal	65,000
United Provinces	50,000
Punjab	27,000
Burma	12,000
Eastern Bengal and Assam	5,000
Central Provinces	12,000
TOTAL	2,46,000

The sum of R10,000 which, as mentioned in paragraph 224 of the last Financial Statement, was included in the Central Provinces allotment as a special grant for building has, with effect from 1907-1908, been transferred to the Punjab allotment for the establishment of a school at Sanawar for the training of European teachers.

Grant to Bombay and United Provinces for Famine Expenditure.

244. As stated in paragraph 57, Bombay and the United Provinces have received R12,32,000 and R28,35,000 respectively, on account of the Famine expenditure defrayed by them out of their Provincial revenues during the years 1905-1906 and 1906-1907. These Provinces were adversely affected by the Famine which, occurring soon after the conclusion of the new settlement, deprived them of the full benefit of their initial grants.

Assignments for building up Provincial reserve for famine expenditure.

245. As explained fully in Part I of the Financial Statement, some important alterations will be made with effect from next year in the method of dividing the burden of famine relief expenditure between the Imperial and Provincial Governments. The assignments noted below will be given annually to the Provincial Governments to enable them to build up a reserve of credit with the Government of India, to be drawn against when it becomes necessary for them to incur famine relief expenditure. The amounts of the assignments will be debited in the Provincial Section of the accounts to Reduction of Debt and a *pro forma* account will be kept of the amounts thus accumulated year by year to the credit of each Government. When famine occurs, the expenditure incurred by the Local Government concerned on relief operations will be charged to Imperial revenues so long as the amount at credit of the Local Government is sufficient to cover it. After the credit has been exhausted, further expenditure will be divided between Imperial and the Provincial Government concerned in equal shares. If a famine should be so widespread as to reduce the Provincial balance below one-half of the prescribed minimum, the incidence of expenditure after that stage will have to be determined in each case. If famine occurs in any province during the next five years, before a sufficiently large reserve of credit has been accumulated, any expenditure incurred on relieving it will be treated as Imperial up to a limit equal to the accumulated credits for five years. In order also to prevent the possible accumulation of the credit for a Provincial Government to an unnecessarily high figure, the amounts noted below have been fixed as the maximum limits for these reserves. When the limit has been reached, the annual assignment and addition to the outstanding credit of a Local Government will cease until it has been reduced by expenditure on relief. Burma and Eastern Bengal and Assam will not participate in these special arrangements, as they are provinces which have been subject to famine only to a very limited extent.

	Annual assignments.	Maximum limit of reserve credits.
	R	R
Madras	2,50,000	25,00,000
Bombay	13,70,000	80,00,000
Bengal	2,60,000	25,00,000
United Provinces	4,50,000	30,00,000
Punjab	1,40,000	10,00,000
Central Provinces	12,80,000	80,00,000

246. The following table gives the usual information regarding the revenue, expenditure and balances of each province, compared with standards assumed in the settlements in force in each :—

*Revenue
Expenditure and
balances of the
various provinces.*

	Estimate for the previous Settlement.	Estimate for the present quasi- permanent Settlement.	ACCOUNTS.			Revised, 1906-1907.	Budget, 1907-1908.
			1903-1904.	1904-1905.	1905-1906.		
	1	2	3	4	5	6	7
MADRAS—	R	R	R	R	R	R	R
Balance on April 1, 1903 . . .	...	...	42,71,000	...	...	...	...
Total Revenue, including adjustments . . .	3,10,65,000	3,50,48,000	4,22,11,000	3,63,69,000	4,12,83,000	4,86,24,000	4,85,43,000
Total Expenditure . . .	3,10,65,000	3,50,48,000	3,69,70,000	3,77,71,000	4,10,63,000	4,71,07,000	5,01,15,000
Closing Balance . . .	...	...	95,12,000	31,10,000	83,30,000	1,03,26,000	87,54,000
BOMBAY—						(a)	
Balance on April 1, 1903 . . .	...	...	34,00,000	...	...	...	...
Total Revenue, including adjustments . . .	4,16,53,000	4,91,75,000	4,60,62,000	5,10,29,000	5,24,22,000	5,76,18,000	5,76,33,000
Total Expenditure . . .	4,16,53,000	4,91,75,000	4,61,85,000	4,66,33,000	5,24,65,000	5,56,48,000	5,84,81,000
Closing Balance . . .	...	...	32,77,000	76,73,000	76,30,000	1,00,36,000	91,88,000
BENGAL—BEFORE PARTI- TION—						(b)	
Balance on April 1, 1903 . . .	...	...	55,29,000	...	...	...	...
Total Revenue, including adjustments . . .	4,98,87,000†	...	6,33,54,000	5,18,20,000	...	...	...
Total Expenditure . . .	4,98,87,000†	...	5,40,30,000	5,30,82,000	...	...	...
Closing Balance . . .	...	...	1,42,53,000	1,30,00,000	...	...	...
BENGAL AS NOW CONSTI- TUTED—							
Balance on April 1, 1906 . . .	...	...	...	...	...	1,10,48,000	...
Total Revenue, including adjustments . . .	...	4,74,40,000	...	...	5,15,45,000‡	5,00,66,000	5,17,71,000
Total Expenditure . . .	...	4,74,40,000	...	...	5,34,97,000	5,20,00,000	5,34,29,000
Closing Balance . . .	...	...	...	...	1,10,48,000	91,14,000	74,50,000*
ASSAM—							
Balance on April 1, 1903 . . .	...	...	16,09,000	...	...	...	...
Total Revenue, including adjustments . . .	72,07,000†	...	92,84,000	75,20,000	...	...	...
Total Expenditure . . .	72,07,000†	...	81,44,000	77,80,000	...	...	...
Closing Balance . . .	...	...	27,49,000	24,80,000	...	...	...
EASTERN BENGAL AND ASSAM—							
Balance on April 1, 1906 . . .	...	...	...	...	...	62,00,000	...
Total Revenue, including adjustments . . .	...	2,22,82,000	...	...	1,80,90,000§	2,35,57,000	2,39,49,000
Total Expenditure . . .	...	2,22,82,000	...	...	1,43,70,000	2,37,20,000	2,54,54,000
Closing Balance . . .	...	...	...	...	62,00,000	60,37,000	45,32,000
UNITED PROVINCES OF AGRA AND OUDH—							
Balance on April 1, 1903 . . .	...	...	38,16,000	...	...	...	...
Total Revenue, including adjustments . . .	3,42,62,000	3,66,64,000	4,30,39,000	3,77,58,000	...	...	...
Total Expenditure . . .	3,42,62,000	3,66,64,000	3,93,28,000	3,86,27,000	3,84,90,000	4,89,90,000	4,66,31,000
Closing Balance . . .	...	...	75,27,000	66,58,000	4,13,69,000	4,75,74,000	4,70,97,000
PUNJAB—							
Balance on April 1, 1903 . . .	...	...	25,25,000	...	...	...	...
Total Revenue, including adjustments . . .	1,90,28,000	2,49,50,000	2,30,40,000	2,69,82,000	2,67,42,000	3,08,56,000	3,14,88,000
Total Expenditure . . .	1,90,28,000	2,49,50,000	2,23,65,000	2,21,87,000	2,95,39,000	3,19,93,000	3,28,45,000
Closing Balance . . .	...	...	32,00,000	79,95,000	51,98,000	49,10,000	35,53,000
BURMA—						(d)	
Balance on April 1, 1903 . . .	...	...	1,05,30,000	...	...	...	...
Total Revenue, including adjustments . . .	3,31,33,000	4,39,66,000	3,70,48,000	3,85,71,000	4,15,66,000	4,72,07,000	4,53,43,000
Total Expenditure . . .	3,31,33,000	4,39,66,000	3,90,80,000	4,01,63,000	4,41,80,000	4,48,51,000	4,69,90,000
Closing Balance . . .	...	...	84,98,000	69,06,000	42,92,000	60,48,000	50,01,000
CENTRAL PROVINCES PRO- PER—							
Balance on April 1, 1903 . . .	...	...	22,42,000	...	...	...	...
Total Revenue, including adjustments . . .	83,93,000	...	1,14,39,000	1,14,84,000	...	...	...
Total Expenditure . . .	83,93,000	...	1,21,80,000	1,21,85,000	...	...	...
Closing Balance . . .	...	...	15,01,000	8,00,000	...	...	...
CENTRAL PROVINCES AND BERAR—							
Balance on April 1, 1906 . . .	...	...	...	...	...	40,35,000	...
Total Revenue, including adjustments . . .	...	1,76,43,000	...	...	1,58,69,000	2,03,67,000	2,27,35,000
Total Expenditure . . .	...	1,76,43,000	...	...	1,26,34,000	1,89,47,000	2,14,07,000
Closing Balance . . .	...	...	...	...	40,35,000	54,55,000	67,83,000

* Includes Rs 50 lakhs held for the Calcutta improvement scheme referred to in paragraph 219 of the Financial Statement for 1904-1905.

† Settlement of 1904.

‡ Whole of Bengal up to 15th October 1905 and Bengal after partition for the rest of the year.

§ Assam up to 15th October 1905 and Eastern Bengal and Assam for the rest of the year.

(a) Includes Rs 4,79,000 on account of Ryotwari Village Service Fund balance on 1st April 1906 transferred to Provincial.

(b) Includes Rs 4,36,000 on account of the balance of the Sind Village Officers' Fund on 1st April 1906 transferred to Provincial.

(c) Includes Rs 10,12,000 on account of Patwari Fund balance on 1st April 1906 transferred to Provincial.

(d) Includes Rs 8,49,000 on account of Patwari Fund balance on 1st April 1906 transferred to Provincial.

Section VII.—Ways and Means.

HOME TREASURY.

247. The following are the details of the transactions of the Home Treasury in the Budget and Revised Estimates of 1906-1907 and in the Budget Estimate of 1907-1908 :—

	Budget, 1906-1907.	Revised, 1906-1907.	Budget, 1907-1908.
RECEIPTS.			
Capital raised and deposited by Railway Companies—	£	£	£
For Capital outlay	901,800	1,600	1,176,600
* For discharge of Debentures	2,718,300	...	2,385,100
Deposits and Advances—			
* Gold Standard Reserve	3,324,200	3,352,000	3,358,600
Currency Reserve	1,076,700	1,076,700	69,700
Other items	11,500	15,300	900
Remittance Account between England and India—			
Railway transactions	1,853,500	4,000	2,903,500
Gold withdrawn from Paper Currency Reserve	1,750,000	1,650,000	...
Other transactions	339,500	886,500	369,700
Total Receipts, excluding Council Bills and Loans	11,975,500	6,986,100	10,264,100
DISBURSEMENTS.			
Excess of Expenditure over Revenue	18,731,300	18,565,400	17,783,200
Railway and Irrigation Capital not charged to Revenue—			
Outlay on State Railways and Irrigation Works	3,590,000	2,666,100	3,656,600
Outlay of Railway Companies	2,172,700	1,440,400	1,790,000
* Payments to Railway Companies for discharge of debentures	2,718,300	302,800	2,385,100
Permanent Debt discharged	749,900	749,900	500,000
Deposits and Advances—			
* Gold Standard Reserve	3,324,200	3,352,000	3,358,600
Currency Reserve	31,700	31,700	69,700
Other transactions	1,500	253,800	52,200
Remittance Account between England and India—			
Railway transactions	2,209,500	2,162,000	2,849,400
Purchase of silver	750,000	12,567,500	...
Gold placed in Currency Reserve against corresponding withdrawal in India	...	3,500,000	...
Other transactions	422,000	517,200	296,000
Total Disbursements	34,701,100	46,108,800	32,740,800
Net Disbursements, excluding Council Bills, Loans, and Opening Balance	22,725,600	39,122,700	22,476,700
<i>Financed as follows :</i>			
Council Bills	17,800,000	33,000,000	18,100,000
Permanent Debt incurred	2,000,000	2,000,000	3,500,000
Reduction of Cash Balance	2,925,600	4,122,700	876,700
TOTAL	22,725,600	39,122,700	22,476,700
Opening Balance	8,144,581	8,436,519	4,313,819
Closing Balance	5,218,981	4,313,819	3,437,119

* The heads marked with an asterisk appear both on the receipt and payment sides. As the receipts and disbursements under each of them are generally equal, they do not affect the Ways and Means of the year to any material extent.

1906-1907.

General Remarks.

248. In the Budget Estimate of the current year, the net disbursements, exclusive of receipts from Council Bills and loans, were taken at £22,725,600, including £749,900 for the discharge of Bombay, Baroda and Central India Railway Debentures; and it was proposed to meet them by the sale of Council Bills for £17,800,000, by the issue of £2,000,000 of India stock and by drawing to the extent of £2,925,600 on the opening cash balance of the year.

249. The results according to the Revised Estimate show considerable variations from this forecast. The Estimate of Council Bills was framed to meet the Secretary of State's own requirements only, though it was understood that additional bills would, as usual, be sold, if need be, to meet the demands of trade. The actual demand for Council Bills proved to be exceptionally high and it is now estimated that the amount of drawings this year will reach the record figure of £33,000,000, being £15,200,000 in excess of the Budget Estimate and £1,833,000 in excess of the drawings of last year. The additional funds thus obtained by the Secretary of State have been applied, to the extent of £11,817,500 (over and above the sum of £750,000 provided in the Budget Estimate), for the purchase of silver sent to this country for the coinage of rupees required to meet the additional Council Bills; and £3,500,000 have been placed in the currency reserve in London so as to set free a corresponding amount from the currency reserve in India to be withdrawn for replenishing the treasury balance in this country. The net result is an excess payment of £117,500 in England. The other important variations from the Budget forecast are: (1) the excess of expenditure over revenue is £165,900 less, mainly in consequence of the realisation of an extra amount on account of interest on the investment of the high cash balances of the year; (2) the capital outlay on State Railways and Irrigation Works is £923,900 less; (3) the payments to Railway Companies and those working purchased Railways for their capital outlay, after deducting their small receipts on account of transfer fees, are less by £732,000 and £48,000 respectively; and (4) a special receipt of £250,000 in England against a corresponding payment made in this country in gold. These improvements aggregate £2,119,800. On the other hand (1) fresh capital to the extent of £899,900 and £1,850,000 expected to be raised respectively by Railway Companies and those working purchased railways have not been received; (2) payments have been made to Railway Companies for discharge of debentures for £302,800 which were expected to be met from fresh capital that (as just mentioned) has not been raised; (3) the amount of gold withdrawn from the Currency chest against payments into the Currency chest in this country is £100,000 less; and (4) the net payments under Deposits, Advances and Miscellaneous remittances are £46,700 more. As already mentioned, the remittances to India in silver and through the Currency Department have also exceeded the amount of additional Council Bills drawn by £117,500. These deteriorations aggregate £3,316,900 and, if the total improvement £2,119,800 mentioned above be deducted from it, they give a net worseness of £1,197,100. The amount drawn upon the cash balances of the year is thus £4,122,700 against £2,925,600 taken in the Budget Estimate.

250. The details of the transactions under Capital raised and deposited by Railway Companies are as follows:—

	Budget, 1906-1907.	Revised, 1906-1907.	and deposited by Railway Companies.
RECEIPTS.			
<i>Subscribed Capital.</i>			
<u>To discharge Debentures—</u>	£	£	
Bengal-Nagpur Railway Extensions	1,348,900	...	
Indian Midland Railway	972,900	...	
Madras Railway	396,500	...	
	2,718,300	...	
<u>To meet Capital outlay—</u>			
Burma Railways	700,000	...	
Madras Railway	200,000	...	
Southern Mahratta Railway	...	100	
	900,000	100	
Miscellaneous (Transfer fees, etc.)	1,800	1,500	
TOTAL	901,800	1,600	
TOTAL RECEIPTS	3,620,100	1,600	

FINANCIAL STATEMENT OF THE

	Budget, 1906-1907.	Revised, 1906-1907.
ISSUES.	£	£
For discharge of Debentures	2,718,300	302,800
For Capital outlay, <i>i.e.</i> , Stores, Establish- ment Charges, etc.	2,172,700	1,440,400
	<u>4,891,000</u>	<u>1,743,200</u>

Owing to stringency in the London money market no fresh capital was raised by any of the Companies. Debentures for £2,415,500 were renewed instead of being replaced by fresh capital, and debentures for £302,800 were discharged from funds supplied by the Secretary of State. There was a decrease in the withdrawals of most of the Companies for capital outlay, notably by the Bengal Nagpur and Madras Railway Companies. Failure to raise capital required for the discharge of debentures is not a matter of much consequence, as the Companies are almost always able to renew them. But the case of money required for capital outlay is different, as it means a larger drain on the Secretary of State's resources.

1906-1907.
Remittance
Account between
England and
India—Railway
Transactions.

251. The Railway Companies whose transactions are dealt with above have separate capital deposit accounts in England, and funds raised and withdrawn by them in England are brought directly to account in the Home Treasury. There are, however, other Companies which work railways that are the property of the State. Advances are made to these Companies in England for the purchase of stores, and funds are sometimes raised by them and deposited with the Secretary of State: these deposits and advances, instead of being brought directly to account in England, are treated as remittances from or to India and are brought to account in this country. The details of the transactions during the current year are as follows:—

	Budget, 1906-1907.	Revised, 1906-1907.
RECEIPTS.	£	£
<i>Debentures raised.—</i>		
East Indian Railway for additional capital expenditure	1,850,000	...
Transfer fees, etc.	3,500	4,000
TOTAL RECEIPTS	<u>1,853,500</u>	<u>4,000</u>
ISSUES.		
Rental paid to South Behar Railway Company	...	30,000
Interest on purchase money of Kalka-Simla Railway	...	8,800
<i>Advances for purchase of stores.—</i>		
East Indian Railway	850,000	982,300
Rajputana-Malwa Railway	190,000	161,100
South Indian Railway	297,000	219,900
Bengal and North-Western Railway	112,000	166,600
Great Indian Peninsula Railway	640,500	479,900
Bombay, Baroda and Central India Railway	120,000	111,300
Kalka-Simla Railway	...	2,100
TOTAL	<u>2,209,500</u>	<u>2,123,200</u>
TOTAL ISSUES	<u>2,209,500</u>	<u>2,162,000</u>

No fresh capital was raised by the East Indian Railway.

252. The Budget Estimate provided for a sterling loan of £2,000,000 for the discharge of Bombay, Baroda and Central India debentures to the extent of £749,900, and for advances to Railway Companies under 51 Vict., c. 5. The sterling loan was announced in May last, tenders being invited for £2,000,000 of 3 per cent India stock at a minimum rate of £94 10s. per cent. The total amount tendered was £4,369,000 and the average rate of accepted tenders was £94 16s. 5d., against the rate of £97 18s. 1d. obtained in the previous year.

253. The Budget Estimates provide for a net disbursement of £22,476,700, exclusive of receipts from Council Bills and the issue of India stock, but taking into account a payment of £500,000 for the discharge of railway debentures which mature on 30th June 1907. The net disbursements are £248,900 less than the current year's Budget. This is the net result of the following variations,—

<i>Better.</i>	£
Net expenditure on Revenue Account (mainly due to decrease in Army Reorganization expenditure consequent on the completion in the current year of the rearmament of Horse and Field Artillery) <i>less</i>	948,100
Net payments to Railway Companies, <i>less</i>	1,067,600 *
Permanent Debt Discharged, <i>less</i>	249,900
Deposits and advances, <i>net</i>	94,900
Purchase of silver, <i>less</i>	750,000
 <i>Worse.</i>	
Gold withdrawn from Paper Currency Reserve, including £1,045,000 shown under Currency Reserve under Deposits, <i>less</i>	2,795,000
Outlay on State Railways and Irrigation works, <i>more</i>	66,600

Of the net disbursement of £22,476,700, it is proposed to meet £18,100,000 by Council Bills, £3,500,000 by the creation of Permanent Debt, and £876,700 by drawing upon the cash balances of the Secretary of State. The cash balances on 31st March 1908 are therefore estimated at £3,437,119.

	Budget, 1906-1907.	Budget, 1907-1908.
* RECEIPTS—	£	£
Capital deposited by Railway Companies—		
For capital outlay	901,800	1,176,600
For discharge of debentures	2,718,300	2,385,100
Remittance account between England and India—		
Railway transactions	1,853,500	2,903,500
Total receipts	5,473,600	6,465,200
DISBURSEMENTS—		
Railway and Irrigation capital not charged to		
Revenue—		
Outlay of Railway Companies	2,172,700	1,790,000
Payment for discharge of debentures	2,718,300	2,385,100
Remittance account between England and India—		
Railway Transactions	2,209,500	2,849,400
Total disbursements	7,100,500	7,024,500
Net disbursements	1,626,900	559,300
Decrease	1,067,600	

1907-1908.
Loans.

254. The Secretary of State proposes to issue India stock for £3,500,000 of which £500,000 will be required for the discharge of Bombay, Baroda and Central India Railway debentures which mature on 30th June 1907 and most of the balance for Capital outlay on State Railways.

1907-1908.
Capital raised by
Railway
Companies.

255. The details of the estimates of capital to be raised by Railway Companies are as follows :—

Subscribed Capital by Railway Companies.

	To replace Debentures. £	Additional Capital. £
Assam-Bengal Railway	560,000	...
Bengal-Nagpur Railway Extensions	155,000	50,000
Burma Railways	...	900,000
Indian Midland Railway	1,031,200	225,000
Southern Mahratta Railway	150,000	...
Madras Railway	488,900	...
	2,385,100	1,175,000
Transfer fees and miscellaneous refunds	...	1,600
	2,385,100	1,176,600

1907-1908.
Capital
of Railway
Companies
working purchased
Railways.

256. Railways working purchased lines propose to raise the following amounts :—

	To replace Debentures. £	Additional Capital. £
East Indian Railway	...	2,250,000
South Indian Railway	250,000	...
Bombay, Baroda and Central India Railway	...	400,000
	250,000	2,650,000

The following are the details of the transactions of the Gold Standard Reserve (formerly called the Gold Reserve Fund) in England :—

	1906-1907.		1907-1908.
RECEIPTS.	Budget.	Revised.	Budget.
	£	£	£
(a) Dividends on investments and discount on Treasury Bills	324,200	352,000	358,600
(b) Treasury Bills paid off at maturity and reinvested	3,000,000	3,000,000	3,000,000
TOTAL	3,324,200	3,352,000	3,358,600
	1906-07.		1907-08.
PAYMENTS.	Budget.	Revised.	Budget.
Investments made	3,324,200	3,352,000	3,358,600

257. As explained in paragraph 107 it has been decided to hold a part of the Gold Standard Reserve, namely, £4,000,000 in rupees. The balances are shown below :—

	Budget, 1906-1907.	Revised, 1906-1907.	Budget, 1907-1908.
	£	£	£
Opening balance—			
Invested	12,165,000	12,165,000	12,517,000
Uninvested—			
(1) Awaiting investment	...	...	...
(2) Held in rupees	...	...	3,963,300
(3) Due from treasury balances	97,700	286,900	333,600
	<u>12,262,700</u>	<u>12,451,900</u>	<u>16,813,900</u>
Closing balance—			
Invested	12,489,200	12,517,000	12,875,600
Uninvested—			
(1) Awaiting investment	...	...	1,110,200
(2) Held in rupees	...	3,963,300	4,000,000
(3) Due from treasury balances	97,700	333,600	...
	<u>12,586,900</u>	<u>16,813,900</u>	<u>17,985,800</u>
RECEIPTS IN INDIA.			
Profits on new coinage	...	3,986,700	813,300
Interest on temporary loan to the Government of India	...	23,300	...

No provision is made for the silver that will be purchased, or the rupees that will be coined from it, during 1907-1908.

258. The following is a summary of the figures relating to Council Bills and the sterling Debt of Government and of Railway Companies included in the estimates for 1906-1907 and 1907-1908 :—

	Budget, 1906-1907.	Revised, 1906-1907.	Budget, 1907-1908.
	£	£	£
RECEIPTS.			
Council Bills	17,800,000	33,000,000	18,100,000
Permanent Debt incurred (India Stock)	2,000,000	2,000,000	3,500,000
Receipts on account of the Subscribed Capital of Rail- way Companies	3,618,300	100	3,560,100
Receipts on account of the Debenture Capital of other Railway Companies (the East Indian and South Indian Railway Companies)	1,850,000	...	2,900,000
OUTGOINGS.			
Permanent Debt discharged	749,900	749,900	500,000
Discharge of Railway Com- panies' Debentures	2,718,300	302,800	2,385,100

259. The programme herein announced of the probable drawings on India, and of the transactions in connection with the Government Sterling Debt and the borrowings of Railway Companies, represents the present intentions of the Secretary of State. But in view of the varying conditions of Indian finance and of the London money market, no assurance can be given that this programme will be adhered to either in amount or in form. The Secretary of State reserves to himself the right to vary the programme to any extent that may be considered necessary during the course of the year. The estimate of Council drawings is for the amount necessary to provide for the Secretary of State's requirements, but additional bills will as usual be sold if needed to meet the demands of trade.

1906-1907
and 1907-1908.
Gold Standard
Reserve.

1906-1907 and
1907-1908.
Summary of
debt transactions
and Capital
Account of Rail-
way Companies.

FINANCIAL STATEMENT OF THE INDIA.

260. The following is a summary of the Estimates of Ways and Means in India during 1906-1907 and 1907-1908 :—

	BUDGET ESTIMATE, 1906-1907.		REVISED ESTIMATE, 1906-1907.		BUDGET ESTIMATE, 1907-1908.	
	Rupee figures.	Equivalent in £ at Rs 15=£1.	Rupee figures.	Equivalent in £ at Rs 15=£1.	Rupee figures.	Equivalent in £ at Rs 15=£1.
RECEIPTS.						
	R	£	R	£	R	£
1. Excess of Revenue over Expenditure charged to Revenue	29,40,81,000	19,605,400	29,83,72,000	19,891,500	27,53,68,000	18,557,900
* 2. Capital raised through Companies for outlay on State Railways (net)	2,77,50,000	1,850,000	...	...	3,97,50,000	2,650,000
3. Capital raised and deposited by Railway Companies	5,32,000	35,500	7,73,000	51,500	2,31,000	15,400
4. Unfunded Debt incurred, mostly Savings Bank deposits (net)	91,20,000	608,000	1,00,38,000	669,200	1,02,72,000	684,800
5. Appropriation for Reduction or Avoidance of Debt	1,08,000	13,200	49,73,000	331,500	70,61,000	470,700
6. Other Deposits and Remittances (net)	—1,44,13,000	—960,900	—1,46,98,000	—979,800	6,05,000	40,300
7. Capital of Local Boards (net)	24,000	1,600	24,000	1,600	25,000	1,700
8. Remittance account between England and India—						
(a) Silver remitted from England	1,50,00,000	1,000,000	19,06,92,000	12,712,800	25,50,000	170,000
(b) Remittances through the Currency Department (net)	—3,00,00,000	—2,000,000	2,62,50,000	1,750,000	...	...
(c) Transactions of Railway Companies (net) excluding debenture capital	3,30,90,000	2,206,000	3,23,70,000	2,158,000	3,89,38,000	2,595,000
TOTAL RECEIPTS EXCLUDING LOANS	33,53,82,000	22,358,800	54,87,94,000	36,586,300	37,78,00,000	25,186,700
DISBURSEMENTS.						
9. Capital Expenditure not charged to Revenue—						
(a) State Railways and Irrigation Works	7,86,18,000	5,241,200	9,13,65,000	6,091,000	6,58,77,000	4,391,800
(b) Outlay by Companies (net)	—20,70,000	—138,000	63,15,000	421,000	5,58,000	37,200
10. Permanent Debt discharged	12,91,000	86,100	12,71,000	84,700	12,77,000	85,100
11. Provincial and Local surpluses (—) or deficits (+)	1,61,64,000	1,077,600	—92,03,000	—613,500	66,49,000	443,300
12. Imperial and Provincial Loans (net)	68,51,000	456,700	93,77,000	625,200	12,03,000	80,300
13. Remittance account between England and India—						
*(a) Capital raised by Railway Companies (net)	2,77,50,000	1,850,000	...	...	3,97,50,000	2,650,000
(b) Other transactions (net)	—3,65,000	—24,400	45,98,000	306,500	21,75,000	145,000
14. Council Bills †	26,70,57,000	17,803,800	50,00,13,600	33,334,200	27,15,59,000	18,103,900
TOTAL DISBURSEMENTS	39,52,95,000	26,353,600	60,37,36,000	40,249,100	38,90,48,000	25,936,600
NET DISBURSEMENTS	5,99,13,000	3,994,200	5,49,42,000	3,662,800	1,12,48,000	749,900
FINANCED AS FOLLOWS:						
Permanent Debt incurred	4,50,00,000	3,000,000	4,50,00,000	3,000,000	3,00,00,000	2,000,000
Reduction of + or addition to Treasury Balances	+1,49,13,000	+994,200	+99,42,000	+662,800	—1,87,52,000	—1,250,100
TOTAL	5,99,13,000	3,994,200	5,49,42,000	3,662,800	1,12,48,000	749,900
Opening Balance	19,95,00,000	13,299,970	17,67,22,000	11,781,500	16,67,80,000	11,118,700
Closing Balance	18,45,87,000	12,305,770	16,67,80,000	11,118,700	18,55,32,000	12,368,800

* The figures under heads 2 and 13 (a) balance each other.

† Head 11 represents expenditure defrayed by reduction of Provincial and Local balances.

‡ The figures shown under head 14 differ from those given in the Home Treasury Ways and Means statement, as Bills drawn by the Secretary of State towards the end of one year are paid in India in the next. The figures of the present statement represent payments in India.

1906-1907.
Main features of
Budget Estimate.

261. In the Budget Estimate of 1906-1907, the cash balance in Indian Treasuries on 1st April 1906 was taken at 19,95 lakhs. It was estimated (1) that the net Imperial revenue in India would amount to 29,41 lakhs, (2) that the net deposits in Savings Banks and Provident Institutions would increase during the year by

91 lakhs, (3) that 2 lakhs would be available from the Famine Insurance Grant for the avoidance of debt, (4) that 1,50 lakhs of silver bullion would be received from England, and (5) that the remittances of Railway Companies and other miscellaneous remittance and deposit transactions would result in net credits in India of 3,31 and 21 lakhs, respectively. On the other hand, provision was made (1) for a net expenditure from Provincial balances of 1,62 lakhs, (2) for capital expenditure in India on Railways and Canals to the extent of 7,65 lakhs, (3) for 13 lakhs for the payment of the annual instalment towards the liquidation of the Gwalior Loan of 1887 and for the discharge of outstanding balances of old loans, (4) for a net payment of 68 lakhs on account of loans to Native States, cultivators, municipalities and other local bodies, (5) for a payment of 4,57 lakhs to the Currency Department as the equivalent of an amount to be withdrawn by the Secretary of State from his currency chest in aid of his treasury balances, and (6) for the payment of Council Bills to the extent of 26,70 lakhs. The payments mentioned aggregate 41,35 lakhs, and as the receipts amount to 35,36 lakhs only, there was a deficiency of 5,99 lakhs. It was proposed to meet this deficiency by a rupee loan of 4,50 lakhs and by drawing on the cash balances to the extent of 1,49 lakhs.

262. The results according to the Revised Estimate show considerable variations from this forecast. The actual opening balance on 1st April 1906 fell short of the Estimate by 2,28 lakhs partly in consequence of larger payment of Council Bills and smaller receipts of silver from England towards the close of 1905-1906 than was allowed for in the Revised Estimates for that year, and partly as a result of the estimate of net receipts under deposit and miscellaneous remittance transactions having proved too sanguine. Council Bill payments are now expected to amount to 50 crores, or 23,30 lakhs more than the Budget Estimate. Capital expenditure in India on Railways and Irrigation works is expected to exceed the estimate by 2,11 lakhs owing to short expenditure in England on the purchase of stores. The payments on account of loans to cultivators, municipalities and other local bodies are expected to exceed the estimate by 25 lakhs, the net credits from remittances of Railway Companies are 7 lakhs less, while deposits and miscellaneous remittance transactions are expected to result in a net payment of 28 lakhs instead of a net receipt of 21 lakhs taken in the Budget Estimate. The deterioration from all these sources will amount to 28,50 lakhs. On the other hand, (1) the net Imperial revenue in India is now estimated at 29,84 lakhs, or 43 lakhs more than the Budget Estimate; (2) receipts from Savings Banks are 9 lakhs more; (3) Provincial balances will be increased by 92 lakhs instead of being drawn upon to the extent of 1,62 lakhs, thus yielding an improvement of 2,54 lakhs; (4) the amount available from the Famine Insurance Grant for the avoidance of debt will be 47 lakhs more; (5) the receipts of silver bullion from England will exceed the figure entered in the Budget Estimate by 17,57 lakhs; and (6) instead of a remittance of 4,57 lakhs from India to England through the Currency Department there will be a net remittance of 1,05 lakhs from England to India. The total improvements mentioned above amount to 26,72 lakhs and reduce the deterioration of 28,50 lakhs calculated above to one of 1,78 lakhs only; this accordingly is the amount by which the cash balance on 31st March 1907 is now expected to fall below the figure entered in the Budget Estimate for the current year.

263. As mentioned already, the demand for Council Bills in the current year has again been exceptionally heavy, and the payments on this account in 1906-1907 are expected to exceed the payments in 1905-1906, which were themselves unusually high, by over two crores. To meet the very heavy telegraphic transfers drawn by the Secretary of State during December and the following months, a temporary loan of 3,80 lakhs, carrying interest at $3\frac{1}{2}$ per cent, was taken from the silver branch of the Gold Standard Reserve; the whole loan will be repaid to the Reserve before 31st March 1907.

264. In accordance with the intention expressed in paragraph 252 of the last Financial Statement, a $3\frac{1}{2}$ per cent loan of $4\frac{1}{2}$ crores was announced in July last. Tenders were opened on the 31st July and the result of the loan was as follows:—

Total amount tendered.	Amount accepted.	Average rate of accepted tenders.	Minimum rate accepted
₹	₹	₹ a. p.	₹ a. p.
10,66,54,200	1,50,00,000	97 5 6.74	97 3 0

1906-1907.

Main features of Revised Estimate.

1906-1907.

Council Bills.

1906-1907.

Rupee Loan.

1907-1908.

*Main features of
Budget Estimate.*

265. In 1907-1908, the net Imperial revenue in India is estimated at 27,84 lakhs. Savings Banks deposits are expected to yield a net receipt of 1,03 lakhs; 71 lakhs will be available from the Famine Insurance Grant for the avoidance of debt; the remittance transactions of Railway Companies are likely to result in a net credit in India of 3,89 lakhs; and 25 lakhs worth of the silver bullion purchased in England this year will be added to the treasury balances in India. On the other hand, provision has been made (1) for expenditure of 66 lakhs from Provincial balances; (2) for capital expenditure of 6,64 lakhs in India on Railways and Canals; (3) for payments of 13, 12, and 13 lakhs respectively in connection with the discharge of permanent debt, loans to cultivators, Native States, municipalities and other local bodies, and miscellaneous deposit and remittance transactions; and (4) for payment of Council Bills to the extent of 27,16 lakhs. The payments mentioned aggregate 34,84 lakhs, and as the receipts come to 33,72 lakhs, the net disbursements amount to 1,12 lakhs. It is also considered necessary to increase the cash balances in India which have been seriously reduced in the current year.

1907-1908.

New Rupee Loan.

266. It is accordingly intended to raise a new rupee loan of 3 crores in 1907-1908. With a loan of this amount the year is expected to close with a cash balance of 18½ crores. The announcement now made regarding the rupee loan is in accordance with the present intention; but full liberty is reserved, as usual, to vary the programme now announced to any extent that may be considered desirable.

1906-1907 and
1907-1908.*Post Office Savings
Banks, etc.*

267. The following table gives details of the transactions of Savings Banks and Provident Funds during a series of years, and the estimated transactions for 1906-1907 and 1907-1908:—

YEAR.	Net additions to deposits, cash.	Interest.	Total addition.
	R	R	R
1893-1894	17,99,000	36,80,000	54,79,000
1894-1895	—8,45,000	29,70,000	21,25,000
1895-1896	24,77,000	33,85,000	58,62,000
1896-1897	—58,11,000	34,66,000	—23,45,000
1897-1898	—65,71,000	32,70,000	—33,01,000
1898-1899	—8,84,000	32,29,000	23,45,000
1899-1900	1,40,000	33,48,000	34,88,000
1900-1901	19,44,000	34,80,000	54,24,000
1901-1902	31,04,000	36,87,000	67,91,000
1902-1903	52,40,000	39,00,000	91,40,000
1903-1904	66,99,000	42,15,000	1,09,14,000
1904-1905	78,94,000	45,87,000	1,24,81,000
1905-1906	31,49,000	46,80,000	78,29,000
1906-1907 (Budget)	32,77,000	49,62,000	82,39,000
1906-1907 (Revised)	40,97,000	52,10,000	93,07,000
1907-1908 (Budget)	40,16,000	53,93,000	94,09,000

A net deposit in the Post Office Savings Banks of 22½ lakhs apart from interest was assumed in the Budget Estimate of the current year. The transactions of the first ten months of the year have resulted in a net increase in the deposits of about 52 lakhs, but there is some indication that the withdrawals in the closing months of the year will be heavy and it is now estimated that, during the year 1906-1907 apart from interest, there will be a net increase of 28 lakhs only in the Post Office Savings Banks deposits and of 13 lakhs in those of the other institutions classed under this head.

In the Budget Estimate for 1907-1908, a total net deposit of 40 lakhs, apart from interest, is anticipated.

Section VIII.—Summary.

268. The principal features in this statement are the following :—

I.—The Accounts of 1905-1906 closed with a surplus of £2,091,854, being £336,154 more than the surplus expected in the Revised Estimates of that year.

II.—1906-1907—

- (1) The Revised Estimates show a total revenue of £75,626,900, a total Expenditure charged to Revenue of £74,300,800 and a surplus of £1,326,100. This surplus is higher than that estimated in March last by £452,000.
- (2) A reduction will be observed in the totals of both Revenue and Expenditure owing to an important change introduced this year in the manner of exhibiting the earnings and working expenses of State Railways. For the first time, the *net* receipts of Railways are shown under Revenue, the working expenses being deducted from the total earnings instead of being entered on the Expenditure side as hitherto.
- (3) There has again been a large development of revenue under all the main heads except Salt, Customs and net receipts of Railways.

The average price obtained for Bengal opium was R1,391 per chest against R1,125 assumed in the Budget and the opium revenue has exceeded the Estimate by £776,600.

Land Revenue has yielded an increase of £135,300 and there are smaller increases under Stamps, Excise and Assessed Taxes.

Interest receipts show an improvement of £95,800 on account of the favourable rates obtained for temporary investment of a part of the cash balances in England; Mint receipts have improved by £213,800 due to heavy coinage of rupees; Exchange by £153,300 due to high rates obtained for Council Bills; Miscellaneous by £148,000 due chiefly to the recovery of two instalments of the Tibet indemnity; and Irrigation by £281,100 due to a great demand for water in the United Provinces and the Punjab.

The only important decreases have occurred under—

- (a) Salt (£110,000), due to reduction in the duty which affects the last twelve days of the year and to the postponement of purchases by traders in anticipation of the reduction;
 - (b) Customs (£157,100), due to a diminution of the imports of spirits and cotton manufactures and of the exports of rice; and
 - (c) Net receipts of Railways (£46,100). Traffic receipts have expanded largely; but the improvement has not been sufficient to cover the additional expenditure required for much needed renewal of permanent way and rolling stock.
- (4) The large allotments made for Police reform, development of education and the expansion of the Agricultural Department have not been fully utilised, and there are savings of £71,700, £106,000 and £79,900 under Police, Education and Scientific and other Minor Departments, respectively.

Local Governments have also been unable to employ their full allotments under some other administrative heads, the more important savings being £51,700 under Land Revenue, and £122,400 under Civil Works.

Owing to improved agricultural conditions Famine Relief Expenditure is £226,500 less than the Estimate. There is a saving

FINANCIAL STATEMENT OF THE

in Bombay of £196,200 and of smaller amounts in Rajputana, Madras and the Punjab; while there has been an outlay of £53,300, for which budget provision had not been made, in Bengal. The expenditure on the construction of Protective Irrigation Works is also £90,400 less, but as the total grant for Famine Relief and Insurance has been maintained at £1,000,000, the abovementioned savings have been charged under Reduction of Debt.

The allotment for Minor Irrigation Works has not been utilised in full and there is a saving of £107,200. Under Military Works the progress of special building operations in connection with the redistribution scheme has been slow; and a reconsideration of the armament required for port defences has delayed the utilization of the full grant for Special Defences. The savings under the two latter heads are £43,500 and £90,200.

Army expenditure is only £14,600 less than the estimate. Special expenditure is less by £177,300 while ordinary expenditure is more by £162,700, chiefly in consequence of high prices of food supplies, the concentration of troops at Agra and larger payments to the War Office.

High prices of food supplies have also increased the cost of dietary in Jails to the extent of £52,500, while charges under General Administration and Political have exceeded the estimates by £41,900 and £59,400, respectively, chiefly in consequence of the State visit to Agra and the Indian tour of His Majesty the Amir, who has not however drawn the arrears of his subsidy to the full extent of the Budget provision.

The charges under Stationery and Printing and Miscellaneous have exceeded the estimates by £63,600 and £54,800, respectively.

- (5) Special grants aggregating £271,100 have been made to the Governments of the United Provinces and Bombay to cover expenditure incurred by them in 1905-1906 and 1906-1907 for famine relief. The Provincial settlement with Eastern Bengal and Assam has been modified and the fixed assignment increased by £45,500. An initial grant of £333,300 has been given to Burma to start the new settlement with that province which comes into effect next year.
- (6) A $3\frac{1}{2}$ per cent loan of four and a half crores of rupees was raised; India 3 per cent stock was issued in England for £2,000,000; and part of the latter loan was employed in discharging Bombay, Baroda and Central India Railway debentures for £749,900.
- (7) Owing to stringency in the London money market no fresh capital was raised by any of the Railway Companies, although the Budget Estimate had provided that they would raise new capital amounting to £2,750,000 for capital outlay. Debentures for £302,800 were discharged from funds supplied by the Secretary of State.
- (8) The drawings of Council Bills in 1906-1907 are expected to amount to £33,000,000 as compared with £17,800,000 entered in the Budget. From the proceeds of the additional Council Bills sold during the year, silver to the value of £11,817,500 has been purchased and sent to India for coinage and £3,500,000 is being remitted to India through the Currency Department.
- (9) The Gold Standard Reserve on 31st March 1907 stands at £16,813,900.

III.—1907-1908—

- (1) The Budget Estimates of 1907-1908 show a total revenue of £75,012,800, a total expenditure charged to revenue of £74,238,100 and a surplus of £774,700.
- (2) This surplus is obtained after providing for the following two important measures of fiscal relief and administrative improvement—
 - (a) Reduction of the salt duty to R1 a maund throughout the whole of India involving a sacrifice of revenue of £1,266,700.

- (b) Reduction in postal charges to take effect from 1st October next. The letter weight by inland post carried for half an anna will be raised from $\frac{3}{4}$ tola to 1 tola and that carried for one anna from $1\frac{1}{2}$ tolas to 3 tolas. For foreign post, the letter weight carried within the Empire for one anna will be one ounce instead of half an ounce and for places outside the Empire, one ounce will be carried for $2\frac{1}{2}$ annas and an additional $1\frac{1}{2}$ annas will cover each ounce after the first. These reductions are estimated to cost £73,300 in the last six months of the year.

The total cost of these measures next year is thus estimated at £1,340,000. Under existing conditions the surplus would therefore have been £2,114,700.

- (3) Compared with the Revised Estimates of the current year, Salt and Opium show decreases of £1,000,000 and £756,600. The quantity of Bengal opium to be sold has been taken at 4,400 chests in each of the first three months of the year and at 4,000 chests in each of the last nine months. The price has been taken at R1,250 per chest against an average of R1,391 obtained in the current year.

Other important variations in revenue are increases of £407,700 under Land Revenue including the portion due to Irrigation, £145,600 under Stamps, £301,000 under Excise, £288,400 under Customs, and £346,400 under Railway revenue.

There are decreases of £170,400 under Mint, the silver coinage of the current year having been unusually high; £127,700 under Major Works – Direct Receipts, and £60,000 under Exchange, the revenue of the current year under both heads being abnormally high; and £96,200 under Miscellaneous, the estimate under which for next year includes only the last instalment of the Tibet indemnity against two instalments realized in the current year.

The total Military Expenditure including Army, Military Works, Marine and Special Defences is £457,400 less. The special expenditure connected with the reorganisation and redistribution of the Army is to be spread over a longer period and the annual grant for it has been reduced from £2,166,600 to £1,666,600. The amount regranted next year for lapses on the current year's Budget is £316,700 including a special sum of £50,000 given for a new marine survey steamer, against £600,000 regranted in the current year's Budget out of lapses of the last year.

The only other appreciable decrease in expenditure is £112,000 under Opium due to smaller payments to cultivators in consequence of the unfavourable prospects of the 1906-1907 crop and the restriction of cultivation next year.

Civil Administration heads show a general increase, except Political under which there is a decrease of £78,500, due to the absence of the special charges connected with the Indian tour of His Majesty the Amir, counterbalanced by a larger provision on account of the arrears of his subsidy. The most important increases in this group are under Police £269,800, due to provision for further reforms; Education £219,400; Scientific and other Minor Departments £118,600; and General Administration £75,800.

The other important increases in expenditure are £151,100 under Land Revenue; £89,800 under Forests, which is nearly covered by increased receipts; £90,500 under Post Office which also would have been covered by increased receipts, but for the reduction in the rates; £70,000 under Civil Furlough and Absentee Allowances due to the payment in England of privilege leave allowances to officers on combined leave, which would otherwise have been charged to the respective departments; £92,500 under Interest on capital deposited by Companies,

being interest on the additional capital proposed to be raised by Railway Companies; £96,700 under Minor Irrigation Works, due to extension of programme in accordance with the recommendations of the Irrigation Commission; and Civil Works, £301,000 due to the good financial position of Local Governments and District Boards which has enabled them to enlarge their programme of expenditure under this head.

- (4) A quasi-permanent settlement has been made with Burma. That province will get a half share of the principal revenue heads except Registration which will be wholly Provincial; while salt revenue, of which it hitherto received a half share, will be wholly Imperial, and Political Expenditure, which was hitherto Imperial, will be Provincial in future. The Provincial Government also receives in the current year a lump assignment of £333,300 to start the new settlement under favourable conditions.
- (5) An important change takes effect next year in regard to the allocation of Famine Relief Expenditure between the Imperial and Provincial Governments. In future, annual assignments aggregating £250,000 will be made to Local Governments to enable them to build up a reserve of credit with the Government of India for meeting Famine Relief Expenditure. Burma and Eastern Bengal and Assam, however, will not participate in these special arrangements as they are subject to famine only to a limited extent.

A further assignment of £203,300 will be made to Local Governments next year for carrying out Police reforms. The total amount allotted between 1905-1906 and 1907-1908 amounts to £703,300 a year.

- (6) Subject to the usual reservation, loans of £3½ millions in England and of 3 crores in India are announced. The loans are required for Capital Expenditure on Railways and Irrigation. Bombay, Baroda and Central India Railway debentures for £500,000 will also be discharged out of the sterling loan.
- (7) Subject to the usual reservations, provision is also made for the raising of Capital through Railway Companies as follows: namely for outlay on Companies' Railways £1,190,400, and for Expenditure on purchased Railways £2,650,000.
- (8) Drawings of Council Bills are entered at £18,100,000.

IV.—Capital Expenditure—

The following table shows the Capital Expenditure on Railways and Irrigation Works:—

	Accounts, 1905-1906.	Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.
RAILWAYS.	₹	₹	₹
Included in the Government Capital programme . .	13,49,91,440	14,61,16,000	13,50,00,000
Famine Protective lines . .	8,29,170	79,000	35,000
Branch lines not on firm guarantee . .	6,94,036	8,52,000	2,09,000
Provincial and Local State lines . .	1,07,933	55,000	31,000
TOTAL RAILWAYS . .	13,66,22,579	14,71,02,000	13,52,75,000
 IRRIGATION WORKS . .	 83,42,910	 1,23,46,000	 1,25,00,000
Total Railways and Irrigation Works	14,49,65,489	15,94,48,000	14,77,75,000
Converted into sterling at ₹15 = £1 . .	9,664,366	10,629,900	9,851,700

J. S. MESTON.

March 20, 1907.

APPENDIX I.

ACCOUNTS AND ESTIMATES.

Accounts	1905-1906
Revised Estimates	1906-1907
Budget Estimates	1907-1908

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I.—General Statement of the Revenue, and Expenditure charged to

	For details, vide State- ment.	Accounts, 1905-1906.	Budget Estimate, 1906-1907.	Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.
Revenue—		₹	₹	₹	₹
Principal Heads of Revenue—		₹	₹	₹	₹
Land Revenue	A	18,862,169	19,764,200	19,899,500	20,272,400
Opium	"	5,468,780	4,831,100	5,607,700	4,851,100
Salt	"	4,376,410	4,400,000	4,290,000	3,290,000
Stamps	"	3,926,364	3,970,700	4,022,000	4,167,600
Excise	"	5,687,820	5,817,300	5,906,700	6,207,700
Customs	"	4,348,017	4,464,200	4,307,100	4,595,500
Other Heads	"	6,858,399	6,358,200	6,501,100	6,643,600
TOTAL PRINCIPAL HEADS	...	49,527,959	49,605,700	50,534,100	50,027,900
Interest	A	944,986	853,000	948,800	962,100
Post Office	"	1,651,477	1,727,100	1,765,400	1,795,700
Telegraph	"	909,854	938,100	952,500	991,900
Mint	"	321,183	201,900	415,700	245,300
Receipts by Civil Departments	"	1,550,599	1,533,900	1,523,400	1,481,900
Miscellaneous	"	764,403	650,700	957,400	799,400
Railways : Net Receipts	"	12,924,420	13,370,600	13,324,500	13,670,900
Irrigation	"	3,006,663	3,250,000	3,531,100	3,425,300
Other Public Works	"	536,717	515,600	558,700	548,600
Receipts by Military Department	"	1,189,696	1,064,500	1,115,300	1,063,800
TOTAL REVENUE	...	73,327,957	73,711,100	75,626,900	75,012,800

L. E. PRITCHARD,
Deputy Comptroller General.

FORT WILLIAM,
FINANCE DEPARTMENT;
March 20, 1907.

Revenue, of the Government of India, in India and in England.

	For details, vide State-ment.	Accounts, 1905-1906.	Budget Estimate, 1906-1907.	Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.
Expenditure—		£	£	£	£
Direct Demands on the Revenues	B	8,779,439	9,057,200	9,027,700	9,201,700
Interest	„	1,409,935	1,278,800	1,335,600	1,062,900
Post Office	„	1,575,936	1,600,900	1,599,300	1,689,800
Telegraph	„	1,076,489	1,155,000	1,135,200	1,080,100
Mint	„	120,079	139,300	161,100	150,800
Salaries and Expenses of Civil Departments	„	13,258,489	14,283,300	14,215,900	14,778,000
Miscellaneous Civil Charges	„	4,318,113	4,323,500	4,441,900	4,513,500
Famine Relief and Insurance	„	1,000,000	1,000,000	1,000,000	1,000,000
Railways : Interest and Miscellaneous Charges	„	10,922,454	11,141,300	11,166,700	11,521,200
Irrigation	„	2,880,432	2,992,900	2,933,400	3,057,100
Other Public Works	„	6,457,307	6,864,200	6,697,100	7,129,700
Army Services	„	19,267,130	19,846,700	19,832,100	19,350,900
Special Defences (1902)	„	146,306	231,500	141,300	145,700
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	...	71,212,109	73,914,600	73,687,300	74,681,400
Add—Provincial Surpluses: that is, portion of Allotments to Provincial Governments not spent by them in the year.	End of B	557,461	30,200	786,800	69,500
Deduct—Provincial Deficits: that is, portion of Provincial Expenditure defrayed from Provincial Balances.	„	533,467	1,107,800	173,300	512,800
TOTAL EXPENDITURE CHARGED TO REVENUE	...	71,236,103	72,837,000	74,300,800	74,238,100
SURPLUS	...	2,091,854	874,100	1,326,100	774,700
TOTAL	...	73,327,957	73,711,100	75,626,900	75,012,800

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

II. —General Statement of the Receipts and Disbursements of the

	For details, vide Statement.	RECEIPTS.			
		Accounts, 1905-1906.	Budget Estimate, 1906-1907.	Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.
		£	£	£	£
Surplus	C	2,091,854	874,100	1,326,100	774,700
Railway and Irrigation Capital not charged to Revenue—					
Capital raised through Companies towards Outlay on State Railways (net)	C	1,487,995	1,850,000	...	2,650,000
Capital raised and deposited by Railway Companies (net)	"	...	935,500	..	1,190,400
Debt, Deposits, and Advances—					
Permanent Debt (net Incurred)	C	16,752,546	4,164,000	4,165,400	4,914,900
Unfunded Debt (net Incurred)	"	572,334	608,000	669,200	684,800
Deposits and Advances (net)	"	742,807	...	702,800	16,400
Loans and Advances by Imperial Government (net Repayments)	"	1,065,079	56,200	...	61,600
Capital Account of Local Boards	"	1,526	1,600	1,600	1,700
Remittances (net)	"	623,474	...	177,000	98,700
Secretary of State's Bills drawn	"	26,290,640	17,800,000	33,000,000	18,100,000
TOTAL RECEIPTS	...	49,628,255	26,289,400	40,042,100	28,493,200
Opening Balance—India	...	10,749,770	13,299,970	11,781,457	11,118,657
England	...	10,262,581	8,144,581	8,436,519	4,313,819
TOTAL	...	70,640,606	47,733,951	60,260,076	43,925,676

Government of India, in India and in England.

	For details, vide Statement.	DISBURSEMENTS.			
		Accounts, 1905-1906.	Budget Estimate, 1906-1907.	Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.
		£	£	£	£
Railway and Irrigation Capital not charged to Revenue—					
Outlay on Irrigation Works	C	556,194	833,300	823,100	833,300
Outlay on State Railways	„	9,410,199	7,997,900	7,934,000	7,215,100
Outlay of Railway Companies (net)	„	—362,528	2,032,900	1,859,900	1,825,600
Capital raised and deposited by Railway Companies— (Net payments for discharge of debentures)	„	55,674	...	251,200	...
Capital involved in Redemption of Railway Liabilities . .	„	12,980,960	...	...	...
TOTAL CAPITAL ACCOUNT DISBURSEMENTS	...	22,620,499	10,864,100	10,868,200	9,874,000
Debt, Deposits, and Advances—					
Temporary Debt (net Discharged)	C	500,000	...	...	...
Deposits and Advances (net)	„	...	970,300	...	...
Loans and Advances by Imperial Government (net Advances)	„	...	...	24,600	...
Loans and Advances by Provincial Governments (net Advances)	„	292,401	512,900	600,600	141,900
Remittances (net)	„	...	58,100	...	...
Secretary of State's Bills paid	„	27,009,730	17,803,800	33,334,200	18,103,900
TOTAL DISBURSEMENTS	...	50,422,630	30,209,200	44,827,600	28,119,800
Closing Balance—India	...	11,781,457	12,305,770	11,118,657	12,368,757
England	...	8,436,519	5,218,981	4,313,819	3,437,119
TOTAL	...	70,640,606	47,733,951	60,260,076	43,925,676

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

A.—Statement of the Revenue of

HEADS OF REVENUE.	ACCOUNTS, 1905-1906.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at ₹ 15 = £ 1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
Principal Heads of Revenue—	₹	₹	£	£	£	₹	₹
I.—Land Revenue	12,25,23,663	16,04,08,883	18,862,169	...	18,862,169	11,57,07,000	18,27,86,000
II.—Opium	8,20,31,694	...	5,468,780	...	5,468,780	8,41,15,000	...
III.—Salt	6,47,72,232	8,73,911	4,376,410	...	4,376,410	6,35,15,000	8,35,000
IV.—Stamps	2,89,54,565	2,99,40,892	3,926,364	...	3,926,364	2,95,53,000	3,07,77,000
V.—Excise	5,58,00,223	2,95,17,086	5,687,820	...	5,687,820	5,37,70,000	3,48,31,000
VI.—Provincial Rates	5,457	4,19,65,299	2,798,051	...	2,798,051	18,000	3,43,31,000
VII.—Customs	6,51,33,817	16,447	4,348,017	...	4,348,017	6,45,20,000	86,000
VIII.—Assessed Taxes	1,37,64,465	60,56,434	1,321,393	...	1,321,393	1,30,33,000	81,31,000
IX.—Forest	1,58,83,592	1,07,91,001	1,778,306	1,260	1,779,566	1,55,24,000	1,14,82,000
X.—Registration	7,43,019	46,86,357	361,959	...	361,959	5,33,000	52,20,000
XI.—Tributes from Native States	89,61,451	...	597,430	...	597,430	92,11,000	...
TOTAL	45,85,74,178	28,43,26,310	49,526,699	1,260	49,527,959	44,94,99,000	30,84,79,000
XII.—Interest	86,50,563	19,56,078	707,109	237,877	944,986	80,73,000	24,53,000
XIII.—Post Office	2,47,39,623	32,544	1,651,477	...	1,651,477	2,64,81,000	...
XIV.—Telegraph	1,35,40,107	...	902,674	7,180	909,854	1,41,58,000	...
XV.—Mint	48,17,052	...	321,137	46	321,183	62,36,000	...
Receipts by Civil Departments—							
XVI.—Law and Justice { Courts	4,96,453	36,69,760	277,747	...	277,747	3,66,000	37,83,000
XVI.—Law and Justice { Jails	3,45,478	34,52,954	253,230	...	253,230	3,26,000	35,03,000
XVII.—Police	2,07,718	46,62,633	324,690	...	324,690	1,25,000	46,25,000
XVIII.—Marine	19,67,672	21,78,775	276,430	10,884	287,314	19,16,000	21,78,000
XIX.—Education	65,299	31,14,266	211,971	...	211,971	27,000	32,78,000
XX.—Medical	5,490	14,08,329	94,254	1,156	95,410	7,000	11,96,000
XXI.—Scientific and other Minor Departments	1,75,533	13,22,741	99,885	352	100,237	1,54,000	13,42,000
TOTAL	32,63,643	1,98,09,458	1,538,207	12,392	1,550,599	29,21,000	1,99,05,000
Miscellaneous—							
XXII.—Receipts in aid of Superannuation, etc.	13,38,583	5,13,315	123,460	70,893	194,353	13,81,000	5,05,000
XXIII.—Stationery and Printing	4,14,893	6,85,806	73,380	...	73,380	4,96,000	6,61,000
XXIV.—Exchange	12,43,057	...	82,870	...	82,870	29,00,000	...
XXV.—Miscellaneous	11,92,432	41,66,738	357,278	56,522	413,800	31,13,000	40,17,000
TOTAL	41,88,965	53,65,859	636,988	127,415	764,403	78,90,000	51,83,000
Railways—							
XXVI.—State Railways (Gross Receipts)	35,37,54,409	6,85,398	23,629,315	230	23,629,545	38,93,76,000	6,90,000
Deduct:—Working Expenses	16,91,05,760	4,10,703	11,301,098	...	11,301,098	19,09,89,000	4,40,000
Surplus profits paid to Companies, etc.	55,29,456	...	368,630	...	368,630	58,93,000	...
Net Receipts	17,91,18,103	2,74,695	11,959,587	230	11,959,817	19,24,94,000	2,50,000
XXVII.—Guaranteed Companies (Net Traffic Receipts)	1,38,29,631	...	921,975	...	921,975	62,37,000	...
XXVIII.—Subsidised Companies (Government share of surplus profits and Repayment of Advances of Interest)	3,71,618	...	24,775	17,853	42,628	4,29,000	...
TOTAL	19,33,20,442	2,74,695	12,906,337	18,083	12,924,420	19,91,60,000	2,50,000
Irrigation—							
XXIX.—Major Works: Direct Receipts	1,21,93,826	1,53,43,506	1,869,156	...	1,869,156	1,43,69,000	2,08,34,000
Portion of Land Revenue due to Irrigation	1,45,31,687	...	968,779	...	968,779	1,49,54,000	...
XXX.—Minor Works and Navigation	9,52,155	15,78,768	168,728	...	168,728	11,66,000	16,44,000
TOTAL	2,76,77,668	1,74,22,274	3,006,663	...	3,006,663	3,04,89,000	2,24,78,000
Other Public Works—							
XXXI.—Military Works	1,39,582	...	49,306	...	49,306	7,50,000	...
XXXII.—Civil Works	3,91,942	66,29,158	468,073	19,338	487,411	3,93,000	70,87,000
TOTAL	11,31,524	66,29,158	517,379	19,338	536,717	11,43,000	70,87,000
Receipts by Military Department—							
XXXIII.—Army: Effective	85,23,539	...	568,236	490,432	1,058,668	96,85,000	...
Non-Effective	14,07,285	...	93,819	37,209	1,31,028	13,70,000	...
TOTAL	99,30,824	...	662,055	527,641	1,189,696	1,10,55,000	...
TOTAL REVENUE	74,98,34,589	16,286	72,376,725	251,232	73,327,957	75,71,05,000	36,58,35,000

India, in India and in England.

ESTIMATE, 1906-1907.			Increase + Decrease— as compared with Budget Estimate, 1906-1907.	BUDGET ESTIMATE, 1907-1908.					Increase + Decrease— of Budget, 1907-1908, as compared with Budget Estimate, 1906-1907.	Increase + Decrease— of Budget, 1907-1908, as compared with Revised Estimate, 1906-1907.
Total India (converted into £ at Rs 15 = £1).	England.	TOTAL.		INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs 15 = £1).	England.	TOTAL.		
				Imperial.	Provincial and Local.					
₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
19,899,500	...	19,899,500	+ 135,300	2,31,14,000	18,09,72,000	20,272,400	...	20,272,400	+ 508,200	+ 372,900
5,607,700	...	5,607,700	+ 776,600	7,27,66,000	...	4,851,100	...	4,851,100	+ 20,000	- 756,600
4,290,000	...	4,290,000	- 110,000	4,93,50,000	...	3,290,000	...	3,290,000	- 1,110,000	- 1,000,000
4,022,000	...	4,022,000	+ 51,300	3,16,64,000	3,08,50,000	4,167,600	...	4,167,600	+ 196,900	+ 145,600
5,906,700	...	5,906,700	+ 89,400	5,51,36,000	3,79,80,000	6,207,700	...	6,207,700	+ 390,400	+ 301,000
2,289,900	...	2,289,900	+ 28,600	3,000	3,49,67,000	2,331,300	...	2,331,300	+ 70,000	+ 41,400
4,307,100	...	4,307,100	- 157,100	6,89,33,000	...	4,595,500	...	4,595,500	+ 131,300	+ 288,400
1,410,900	...	1,410,900	+ 67,700	1,32,36,000	82,57,000	1,432,900	...	1,432,900	+ 89,700	+ 22,000
1,800,400	2,200	1,802,600	+ 12,700	1,62,49,000	1,20,86,000	1,889,000	800	1,889,800	+ 99,900	+ 87,200
383,600	...	383,600	+ 26,900	4,36,000	54,30,000	391,100	...	391,100	+ 56,400	+ 7,500
614,100	...	614,100	+ 5,000	89,78,000	...	598,500	...	598,500	- 10,600	- 15,600
50,531,900	2,200	50,534,100	+ 928,400	43,98,65,000	31,05,42,000	50,027,100	800	50,027,900	+ 422,200	- 506,200
701,700	247,100	948,800	+ 95,800	98,09,000	29,82,000	852,700	109,400	962,100	+ 109,100	+ 13,300
1,765,400	...	1,765,400	+ 38,300	2,69,35,000	...	1,795,700	...	1,795,700	+ 68,600	+ 30,300
943,900	8,600	952,500	+ 14,400	1,47,59,000	...	983,900	8,000	991,900	+ 53,800	+ 39,400
415,700	...	415,700	+ 213,800	36,79,000	...	245,300	...	245,300	+ 43,400	- 170,400
276,600	...	276,600	+ 10,100	3,04,000	38,24,000	275,200	...	275,200	+ 8,700	- 1,400
255,300	...	255,300	- 6,000	3,17,000	36,56,000	264,900	...	264,900	+ 3,600	+ 9,600
316,700	...	316,700	+ 6,400	1,21,000	46,43,000	317,600	...	317,600	+ 7,300	+ 900
272,500	...	272,900	- 25,300	10,26,000	22,58,000	218,900	...	218,900	- 79,300	- 54,000
220,300	...	220,300	+ 400	27,000	33,27,000	223,600	...	223,600	+ 3,700	+ 3,300
80,200	1,000	81,200	- 900	5,000	12,40,000	83,000	900	83,900	+ 1,800	+ 2,700
99,800	600	100,400	+ 4,800	1,30,000	13,28,000	97,200	600	97,800	+ 2,200	- 2,600
1,521,800	1,600	1,523,400	- 10,500	19,30,000	2,02,76,000	1,480,400	1,500	1,481,900	- 52,000	- 41,500
125,800	67,800	193,600	+ 200	14,06,000	5,01,000	127,100	66,500	193,600	+ 200	...
77,100	...	77,100	+ 5,200	4,64,000	0,65,000	75,300	...	75,300	+ 3,400	- 1,800
193,300	...	193,300	+ 153,300	20,00,000	...	133,300	...	133,300	+ 93,300	- 60,000
475,300	18,100	493,400	+ 148,000	17,46,000	40,82,000	388,500	8,700	397,200	+ 51,800	- 96,200
871,500	85,900	957,400	+ 306,700	56,16,000	52,48,000	724,200	75,200	799,400	+ 148,700	- 158,000
26,004,400	200	26,004,600	+ 322,700	40,11,50,000	7,10,000	26,790,700	200	26,790,900	+ 1,109,000	+ 786,300
12,761,900	...	12,761,900	- 373,800	19,73,31,000	4,60,000	13,189,400	...	13,189,400	- 801,300	- 427,500
392,900	...	392,900	+ 3,000	60,14,000	...	400,900	...	400,900	- 5,000	- 8,000
12,849,600	200	12,849,800	- 48,100	19,77,55,000	2,50,000	13,200,100	200	13,200,600	+ 302,700	+ 350,800
415,800	...	415,800	- 1,900	61,50,000	...	410,000	...	410,000	- 7,700	- 5,800
28,600	30,300	58,900	+ 3,900	3,87,000	...	25,800	34,500	60,300	+ 5,300	+ 1,400
13,294,000	30,500	13,324,500	- 46,100	20,42,92,000	2,50,000	13,636,200	34,700	13,670,900	+ 300,300	+ 346,400
2,346,900	...	2,346,900	+ 226,100	1,40,05,000	1,92,83,000	2,219,200	...	2,219,200	+ 98,400	- 127,700
996,900	...	996,900	+ 44,800	1,54,76,000	...	1,031,700	...	1,031,700	+ 79,600	+ 34,800
187,300	...	187,300	+ 10,200	10,32,000	15,83,000	174,400	...	174,400	- 2,700	- 12,900
3,531,100	...	3,531,100	+ 281,100	3,05,13,000	2,08,66,000	3,425,300	...	3,425,300	+ 175,300	- 105,800
50,000	...	50,000	+ 2,700	7,32,000	...	48,800	...	48,800	+ 1,500	- 1,200
498,700	10,000	508,700	+ 40,400	3,50,000	71,47,000	499,800	...	499,800	+ 31,500	- 8,900
548,700	10,000	558,700	+ 43,100	10,82,000	71,47,000	548,600	...	548,600	+ 33,000	- 10,100
645,700	348,800	994,500	+ 52,300	87,54,000	...	583,600	360,100	943,700	+ 1,500	- 50,800
91,300	29,500	120,800	- 1,500	13,51,000	...	90,100	30,000	120,100	- 2,200	- 700
737,000	378,300	1,115,300	+ 50,800	1,01,05,000	...	673,700	390,100	1,063,800	- 700	- 51,500
74,862,700	764,200	75,626,900	+ 1,915,800	74,85,86,000	36,73,11,000	74,393,100	619,700	75,012,800	+ 1,301,700	- 614,100

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1905-1906.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs15=£1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
Direct Demands on the Revenues—	₹	₹	£	£	£	₹	₹
1.—Refunds and Drawbacks	25,30,936	9,24,682	230,375	...	230,375	27,49,000	9,00,000
2.—Assignments and Compensations	87,09,455	90,88,654	1,186,540	...	1,186,540	85,80,000	91,66,000
Charges in respect of Collection, <i>vis.</i> :—							
3.—Land Revenue	71,39,281	4,28,72,200	3,334,099	1,811	3,335,910	71,68,000	4,41,38,000
4.—Opium (including cost of Production)	2,83,60,201	...	1,890,680	1,761	1,892,441	2,87,28,000	...
5.—Salt (including cost of Production)	54,27,643	13,985	362,775	391	363,166	54,06,000	15,000
6.—Stamps	2,92,924	10,02,500	86,362	41,802	128,164	2,49,000	10,48,000
7.—Excise	25,25,813	13,45,911	258,115	1	258,116	25,66,000	15,37,000
8.—Provincial Rates	...	5,58,168	37,211	...	37,211	...	5,01,000
9.—Customs	23,29,775	4,00,547	182,021	438	182,459	25,47,000	4,12,000
10.—Assessed Taxes	2,24,685	1,14,697	22,626	...	22,626	1,90,000	1,70,000
11.—Forest	87,34,182	55,24,339	950,568	4,250	954,818	86,30,600	59,42,000
12.—Registration	3,29,287	24,84,911	187,613	...	187,613	2,40,000	27,24,000
TOTAL	6,66,04,182	6,43,30,594	8,728,985	50,454	8,779,439	6,71,59,000	6,65,53,000
Interest—							
13.—Interest on Debt	3,38,88,387	1,00,77,870	2,931,084	4,418,371	7,349,455	3,54,32,000	1,04,08,000
Deduct—Amounts chargeable to Railways†	5,87,24,879	48,279	3,918,211	1,435,001	5,353,212	6,31,26,000	47,000
" Amounts chargeable to Irrigation	73,17,552	83,04,290	1,041,456	...	1,041,456	77,30,000	84,39,000
Remainder chargeable on Ordinary Debt	—3,21,54,044	17,25,301	—2,028,583	2,983,370	954,787	—3,54,24,000	19,82,000
14.—Interest on other obligations	68,05,377	21,845	455,148	...	455,148	74,02,000	27,000
TOTAL	—2,53,48,667	17,47,146	—1,573,435	2,983,370	1,409,935	—2,80,22,000	20,09,000
15.—Post Office	2,08,18,408	10,00,616	1,454,602	121,334	1,575,936	2,30,47,000	...
16.—Telegraph	1,13,83,141	...	758,876	317,613	1,070,489	1,21,20,000	...
17.—Mint	10,29,649	...	108,643	11,436	120,079	19,40,000	...
Salaries and Expenses of Civil Departments							
18.—General Administration	82,21,574	1,13,27,056	1,303,242	290,342	1,593,584	84,01,000	1,13,17,000
19.—Law and Justice { Courts	12,22,084	3,49,21,993	2,409,604	150	2,409,754	9,70,000	3,70,83,000
Jails	20,72,144	98,28,802	793,397	2	793,399	19,81,000	1,05,65,000
20.—Police	24,75,037	4,79,62,113	3,362,477	1,109	3,363,586	22,25,000	5,31,00,000
21.—Marine (including River Navigation)	40,35,860	24,13,359	429,948	250,099	680,047	40,55,000	25,16,000
22.—Education	5,72,467	2,39,14,463	1,632,462	5,646	1,638,108	3,53,000	2,60,56,000
23.—Ecclesiastical	18,16,331	...	121,089	282	121,371	18,53,000	...
24.—Medical	7,10,444	1,49,74,208	1,045,648	10,865	1,056,508	6,72,000	1,58,42,000
25.—Political	1,34,52,263	6,16,332	937,906	5,534	943,440	1,44,11,000	7,23,000
26.—Scientific and other Minor Departments	46,49,220	45,54,346	613,571	45,121	658,692	51,62,000	47,92,000
TOTAL	3,92,27,424	15,05,12,662	12,649,339	609,150	13,258,489	4,00,89,000	16,25,94,000
Miscellaneous Civil Charges—							
27.—Territorial and Political Pensions	35,33,235	...	235,549	11,117	246,666	34,89,000	...
28.—Civil Furlough and Absentee Allowance	3,196	...	213	234,473	234,686	4,000	...
29.—Superannuation Allowances and Pensions	12,78,289	1,25,70,474	923,251	2,019,297	2,942,548	11,39,000	1,32,28,000
30.—Stationery and Printing	10,72,681	59,43,439	467,742	89,771	557,513	19,84,000	61,50,000
32.—Miscellaneous	17,45,515	29,77,304	314,854	21,846	336,700	13,73,000	27,71,000
TOTAL	76,32,916	2,14,91,217	1,941,609	2,376,504	4,318,113	79,94,000	2,21,49,000
Famine Relief and Insurance—							
33.—Famine Relief	7,74,005	12,64,304	135,887	...	135,887	7,75,000	39,14,000
34.—Construction of Protective Railways	7,00,456	...	46,697	8,581°	55,278	79,000	...
35.—Construction of Protective Irrigation Works	43,92,058	...	292,804	3,769	296,573	51,52,000	...
36.—Reduction or Avoidance of Debt	76,83,928	...	512,262	...	512,262	49,73,000	...
TOTAL	1,35,50,447	12,64,304	987,650	12,350	1,000,000	1,09,79,000	39,14,000
Carried over	13,54,97,500	24,03,46,539	25,056,269	6,482,211	31,538,480	13,53,06,000	25,72,19,000

ACCOUNTS, 1905-1906.				REVISED ESTIMATE, 1905-1907.			
INDIA.		England.	TOTAL.	INDIA.		England.	TOTAL.
Amount in Rupees.	Equivalent in £ at Rs15=£1.			Amount in Rupees.	Equivalent in £ at Rs15=£1.		
₹	£	£	£	₹	£	£	£
State Railways Interest on Debt	5,52,84,473	3,685,632	1,169,282	5,94,60,000	3,964,000	1,536,100	5,500,100
Ditto Interest chargeable against Companies on Advances	34,81,685	232,579	265,719	37,13,000	247,500	204,600	512,100
TOTAL	5,87,73,158	3,918,211	1,435,001	6,31,73,000	4,211,500	1,800,700	6,012,200

† Included under the following heads :—
State Railways Interest on Debt
Ditto Interest chargeable against Companies on Advances

Revenues of India, in India and in England.

ESTIMATE, 1906-1907.			Increase + Decrease — as compared with Budget Estimate, 1906- 1907.	BUDGET ESTIMATE, 1907-1908.				Increase + Decrease — of Budget, 1907-1908, as compared with Budget Estimate, 1906- 1907.	Increase + Decrease — of Budget, 1907-1908, as compared with Revised Estimate, 1906-1907.
Total India (converted into £ at Rs15=£1).	England.	TOTAL.		INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs15=£1).	England.	TOTAL.	
£	£	£	£	Imperial.	Provincial and Local.	£	£	£	£
243,300	...	243,300	+ 25,000	24,97,000	8,69,000	224,400	...	224,400	+ 6,100
1,189,700	...	1,189,700	+ 5,000	85,65,000	91,24,000	1,179,300	...	1,179,300	- 5,400
3,420,400	900	3,421,300	- 51,700	73,05,000	4,62,70,000	3,571,700	700	3,572,400	+ 99,400
1,915,200	1,600	1,916,800	+ 45,500	2,70,46,000	...	1,803,100	1,700	1,804,800	- 66,500
361,400	1,500	362,900	- 9,600	55,30,000	29,000	370,600	100	370,700	- 1,800
86,500	100,000	186,500	- 21,200	2,83,000	10,41,000	88,200	103,000	191,200	- 16,500
273,500	100	273,600	- 17,900	27,13,000	20,09,000	314,800	100	314,900	+ 23,400
33,400	...	33,400	- 6,700	...	4,83,000	32,200	...	32,200	- 7,900
197,300	200	197,500	+ 6,000	31,08,000	3,000	207,400	100	207,500	+ 16,000
24,000	...	24,000	+ 800	1,93,000	1,72,000	24,300	...	24,300	+ 1,100
971,900	9,200	981,100	- 4,400	94,49,000	65,38,000	1,065,800	5,100	1,070,900	+ 85,400
197,600	...	197,600	- 300	2,19,000	29,18,000	209,100	...	209,100	+ 11,200
8,914,200	113,500	9,027,700	- 29,500	6,63,03,000	6,94,56,000	9,090,900	110,800	9,201,700	+ 144,500
3,060,000	4,870,500	7,930,500	+ 105,700	3,58,48,000	1,08,52,000	3,113,300	4,837,400	7,950,700	+ 125,900
4,211,500	1,800,700	6,012,200	- 68,300	6,67,27,000	46,000	4,451,500	1,816,500	6,268,000	- 324,100
1,077,900	...	1,077,900	+ 1,300	82,24,000	86,20,000	1,122,900	...	1,122,900	- 43,700
- 2,229,400	3,069,800	840,400	+ 38,700	- 3,91,03,000	21,86,000	- 2,461,100	3,020,900	559,800	- 241,900
495,200	...	495,200	+ 18,100	75,23,000	24,000	503,100	...	503,100	+ 26,000
- 1,734,200	3,069,800	1,335,600	+ 56,800	- 3,15,80,000	22,10,000	- 1,958,000	3,020,900	1,062,900	- 215,900
1,536,500	62,800	1,599,300	- 1,600	2,44,21,000	...	1,628,100	61,700	1,689,800	+ 88,900
808,000	3,72,200	1,135,200	- 19,800	1,23,67,000	...	824,500	255,600	1,080,100	- 74,900
129,300	31,800	161,100	+ 21,800	17,66,000	...	117,700	33,100	150,800	+ 11,500
1,314,600	282,400	1,597,000	+ 41,900	84,78,000	1,16,10,000	1,339,200	333,600	1,672,800	+ 117,700
2,537,300	500	2,537,800	+ 29,600	8,54,000	3,70,85,000	2,529,300	500	2,529,800	+ 21,600
836,400	100	836,500	+ 52,500	19,55,000	1,04,06,000	824,100	2,300	826,400	+ 42,400
3,688,300	1,700	3,690,000	- 71,700	26,65,000	5,67,05,000	3,958,000	1,800	3,959,800	+ 198,100
438,100	335,700	773,800	+ 11,900	35,50,000	28,34,000	425,600	255,500	681,100	- 80,800
1,800,600	6,200	1,806,800	- 106,000	5,14,000	2,97,86,000	2,020,000	6,200	2,026,200	+ 113,400
123,500	400	123,900	- 800	19,73,000	...	131,500	400	131,900	+ 7,200
1,100,900	12,900	1,113,800	- 4,300	6,82,000	1,67,56,000	1,162,500	11,100	1,173,600	+ 55,500
1,008,900	4,300	1,013,200	+ 59,400	1,27,91,000	11,91,000	932,100	2,600	934,700	- 19,100
663,600	59,500	723,100	- 79,900	56,74,000	58,98,000	771,500	70,200	841,700	+ 38,700
13,512,200	703,700	14,215,900	- 67,400	3,91,36,000	17,22,71,000	14,093,800	684,200	14,778,000	+ 494,700
232,600	10,500	243,100	- 9,600	34,11,000	...	227,400	10,500	237,900	- 14,800
200	250,200	250,400	+ 7,000	6,000	...	400	320,000	320,400	+ 77,000
957,800	2,033,000	2,990,800	+ 2,600	11,62,000	1,38,03,000	997,700	2,041,500	3,039,200	+ 51,000
542,300	117,000	659,300	+ 63,600	18,11,000	64,15,000	548,400	107,700	656,100	+ 60,400
276,600	21,700	298,300	+ 54,800	7,73,000	27,56,000	235,200	24,700	259,900	+ 16,400
2,009,500	2,432,400	4,441,900	+ 118,400	71,63,000	2,29,74,000	2,009,100	2,504,400	4,513,500	+ 190,000
312,600	...	312,600	- 226,500	9,01,000	3,000	60,300	...	60,300	- 478,800
5,300	...	5,300	- 1,400	35,000	...	2,300	...	2,300	- 4,400
343,500	7,100	350,600	- 90,400	68,50,000	...	456,700	10,000	466,700	+ 25,700
331,500	...	331,500	+ 318,300	33,11,000	37,50,000	470,700	...	470,700	+ 457,500
992,500	7,100	1,000,000	...	1,10,97,000	37,53,000	990,000	10,000	1,000,000	...
26,168,400	6,748,300	32,916,700	+ 78,700	13,12,78,000	27,06,64,000	26,796,100	6,680,700	33,476,800	+ 638,800

BUDGET ESTIMATE, 1907-1908.			
INDIA.		England.	TOTAL.
Amount in Rupees.	Equivalent in £ at Rs15=£1.	£	£
6,28,41,000	4,189,400	1,528,000	5,717,400
39,32,000	262,100	288,500	550,600
6,67,73,000	4,451,500	1,816,500	6,268,000

B.—Statement of the Expenditure charged to the

HEADS OF EXPENDITURE.	ACCOUNTS, 1905-1906.					REVISED	
	INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs 15 = £1).	England.	TOTAL.	INDIA. (RUPEE FIGURES.)	
	Imperial.	Provincial and Local.				Imperial.	Provincial and Local.
	₹	₹	£	£	£	₹	₹
Brought forward	13,54,97,500	24,03,46,539	25,056,259	6,482,211	31,538,480	13,53,06,000	25,72,19,000
Railways—							
38.—State Railways : Interest on Debt	5,52,84,473	...	3,685,632	1,169,282	4,854,914	5,94,60,000	..
Annuities in purchase of Railways	...	...	...	2,869,707	2,869,707	...	...
Sinking Funds	...	...	...	144,030	144,030	...	...
Interest chargeable against Companies on Advances.	34,40,406	48,279	232,579	265,719	493,298	36,66,000	47,000
Interest on Capital deposited by Companies	3,61,044	67,834	28,592	1,286,600	1,315,192	7,34,000	70,000
39.—Guaranteed Companies : Surplus Profits, Land, and Supervision	18,93,378	...	126,225	...	126,225	6,56,000	..
Interest	40,318	...	2,688	1,038,620	1,041,308	...	...
40.—Subsidized Companies : Land, etc.	4,59,489	99,495	37,266	...	37,266	4,42,000	1,50,000
41.—Miscellaneous Railway Expenditure	4,89,263	43,458	35,514	...	35,514	6,65,000	21,000
TOTAL	6,19,68,371	2,59,066	4,148,496	6,773,958	10,922,454	6,56,23,000	2,88,000
Irrigation—							
42.—Major Works : Working Expenses	65,75,044	68,92,303	897,823	...	897,823	68,42,000	74,09,000
Interest on Debt	73,17,552	83,04,290	1,041,456	...	1,041,456	77,30,000	84,39,000
43.—Minor Works and Navigation	30,00,510	1,11,16,787	941,153	...	941,153	28,14,000	1,07,06,000
TOTAL	1,68,93,106	2,63,13,380	2,880,432	...	2,880,432	1,73,30,000	2,66,14,000
Other Public Works—							
44.—Military Works	1,57,00,574	...	1,046,706	48,199	1,094,905	1,59,59,000	...
45.—Civil Works	1,07,73,304	6,84,29,458	5,280,184	75,023	5,355,207	1,00,27,000	7,24,56,000
45 A.—Construction of Railways charged to Provincial or Local Revenues	...	1,07,933	7,195	...	7,195	...	55,000
TOTAL	2,64,73,878	6,85,37,391	6,334,085	123,222	6,457,307	2,59,86,000	7,25,11,000
Army Services—							
46.—Army : Effective	20,12,05,853	...	13,413,723	2,782,232	16,195,955	20,29,41,000	...
Non-Effective	1,02,95,803	...	686,387	2,384,788	3,071,175	1,00,91,000	...
TOTAL	21,15,01,656	...	14,100,110	5,167,020	19,267,130	21,30,32,000	...
Special Defence Works—							
47.—Special Defences (1902)	11,28,782	...	75,252	71,054	146,306	14,00,000	...
TOTAL EXPENDITURE, IMPERIAL AND PROVINCIAL	45,34,63,293	33,54,56,376	52,594,644	18,617,465	71,212,109	45,87,33,000	35,66,32,000
Add—Portion of Allotments to Provincial Governments not spent by them in the year	...	83,61,920	557,461	...	23,994	...	1,18,02,000
Deduct—Portion of Provincial Expenditure defrayed from Provincial Balances.	...	80,02,010	533,467	...		...	25,99,000
Total Expenditure charged to Revenue	45,34,63,293	33,58,16,286	52,618,638	18,617,465	71,236,103	45,87,33,000	36,58,35,000

ACCOUNTS, 1905-1906.				
INDIA.		England.	Total.	
Amount in Rupees.	Equivalent in £ at Rs 15 = £1.			
₹	£	£	£	
48.—State Railways	11,04,13,408	7,360,894	2,049,305	9,410,199
49.—Irrigation Works	78,63,677	524,245	31,949	556,194
TOTAL	11,82,77,085	7,885,139	2,081,254	9,966,393
51.—Redemption of Liabilities	...	...	12,980,960	12,980,960

Revenues of India, in India and in England—continued.

ESTIMATE, 1906-1907.			Increase + Decrease — as compared with Budget Estimate, 1906-1907.	BUDGET ESTIMATE, 1907-1908.					Increase + Decrease — of Budget, 1907-1908, as compared with Budget Estimate, 1906-1907.	Increase + Decrease — of Budget, 1907-1908, as compared with Revised Estimate, 1906-1907.
Total India (converted into £ at Rs=£1).	England.	TOTAL.		INDIA. (RUPEE FIGURES.)		Total India (converted into £ at Rs=£1).	England.	TOTAL.		
				Imperial.	Provincial and Local.					
£	£	£	£	₹	₹	£	£	£	£	£
26,168,400	6,748,300	32,916,700	+ 78,700	13,12,78,000	27,06,64,000	26,796,100	6,680,700	33,476,800	+ 638,800	+ 560,100
3,964,000	1,536,100	5,500,100	+ 69,600	6,28,41,000	...	4,189,400	1,528,000	5,717,400	+ 286,900	+ 217,300
...	2,869,300	2,869,300	— 100	...	...	...	2,869,400	2,869,400	...	+ 100
...	148,800	148,800	...	...	...	...	153,900	153,900	+ 5,100	+ 5,100
247,500	264,600	512,100	—1,300	38,86,000	46,000	262,100	288,500	550,600	+ 37,200	+ 38,500
53,600	1,369,100	1,422,700	—46,400	10,72,000	71,000	76,200	1,439,000	1,515,200	+ 46,100	+ 92,500
43,700	...	43,700	+ 41,400	4,62,000	...	30,800	...	30,800	+ 28,500	—12,900
...	584,800	584,800	—300	85,000	...	5,700	581,800	587,500	+ 2,400	+ 2,700
39,500	...	39,500	— 37,200	6,00,000	51,000	43,400	...	43,400	—33,300	+ 3,900
45,700	...	45,700	—300	7,71,000	24,000	53,000	...	53,000	+ 7,000	+ 7,300
4,394,000	6,772,700	11,166,700	+ 25,400	6,97,17,000	1,92,000	4,660,600	6,860,600	11,521,200	+ 379,900	+ 354,500
950,100	...	950,100	+ 49,000	70,04,000	69,78,000	932,100	...	932,100	+ 31,000	—18,000
1,077,900	...	1,077,900	—1,300	82,24,000	86,20,000	1,122,900	...	1,122,900	+ 43,700	+ 45,000
905,400	...	905,400	—107,200	38,15,000	1,12,16,000	1,002,100	...	1,002,100	—10,500	+ 96,700
2,933,400	...	2,933,400	—59,500	1,50,43,000	2,68,14,000	3,057,100	...	3,057,100	+ 64,200	+ 123,700
1,063,900	62,000	1,125,900	—43,500	1,84,82,000	...	1,232,100	27,000	1,259,100	+ 89,700	+ 133,200
5,498,900	68,600	5,567,500	—122,400	1,09,10,000	7,62,59,000	5,811,300	57,200	5,868,500	+ 178,600	+ 301,000
3,700	..	3,700	—1,200	..	31,000	2,100	...	2,100	—2,800	—1,600
6,566,500	130,600	6,697,100	—167,100	2,93,92,000	7,62,90,000	7,045,500	84,200	7,129,700	+ 265,500	+ 432,600
13,529,400	3,199,000	16,728,400	— 35,300	20,87,56,000	...	13,917,100	2,295,400	16,212,500	—551,200	—515,900
672,700	2,431,000	3,103,700	+ 20,700	1,01,47,000	...	676,400	2,462,000	3,138,400	+ 55,400	+ 34,700
14,202,100	5,630,000	19,832,100	—14,600	21,89,03,000	...	14,593,500	4,757,400	19,350,900	—495,800	—481,200
93,300	48,000	141,300	—50,200	18,85,000	...	125,700	20,000	145,700	— 85,800	+ 4,400
54,357,700	19,329,600	73,687,300	— 227,100	47,02,18,000	37,39,00,000	56,278,500	18,402,900	74,681,400	+ 766,800	+ 994,100
786,800	..	786,800	+ 1,691,100	...	10,43,000	69,500	...	69,500	+ 634,300	—1,056,800
173,300	..	173,300		...	76,92,000	512,800	...	512,800		
54,971,200	19,329,600	74,300,800	+ 1,463,800	47,02,18,000	36,73,11,000	55,835,200	18,402,900	74,238,100	+ 1,401,100	—62,700
REVISED ESTIMATE, 1906-1907.				BUDGET ESTIMATE, 1907-1908.						
INDIA.		England.	Total.	INDIA.		England.	Total.			
Amount in Rupees.	Equivalent in £ at Rs=£1.			Amount in Rupees.	Equivalent in £ at Rs=£1.					
₹	£	£	£	₹	£	£	£			
8,000,000	5,340,900	2,593,100	7,934,000	5,38,27,000	3,583,500	3,626,600	7,215,100			
1,12,51,000	750,100	73,000	823,100	1,20,50,000	803,300	30,000	833,300			
9,13,65,000	6,091,000	2,606,100	8,75,000	6,58,77,000	4,391,800	3,656,600	8,048,400			
...	...	...	...	...	...	...	...			

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1905-1906.			REVISED ESTIMATE, 1906-1907.			BUDGET ESTIMATE, 1907-1908.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Revenue (from Statement A)	72,376,725	951,232	73,327,957	74,862,700	764,200	75,626,900	74,393,100	619,700	75,012,800
Excess of Revenue over Expenditure charged to Revenue.	...	...	2,091,854	...	...	1,326,100	...	...	774,700
Railway and Irrigation Capital not charged to Revenue—									
Capital raised through Companies towards outlay on State Railways (net)	1,487,995	...	1,487,995	...	...	...	2,650,000	...	2,650,000
OUTLAY OF RAILWAY COMPANIES—									
Repayments	817,326	2,728	820,054	616,300	1,500	617,800	1,113,700	1,600	1,115,300
NET			362,528			0			0
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
On account of Subscribed Capital	51,400	549,658	601,068	51,500	100	51,600	15,400	3,560,100	3,575,500
NET			0			0			1,190,400
Permanent Debt Incurred—									
Sterling Debt—									
India Stock	...	2,000,000	...	...	2,000,000	...	...	3,500,000	...
B. B., & C. I. Debentures	...	12,480,446	...	...	...	...	...	...	...
Rupce Debt—									
Rupce Loan	2,666,667	...	3,000,000	...	...	2,000,000	...	...	...
TOTAL NET	2,666,667	14,480,446	17,147,113	3,000,000	2,000,000	5,000,000	2,000,000	3,500,000	5,500,000
			16,752,546			4,165,400			4,914,900
Temporary Debt Incurred—									
Temporary Loans	466,667	...	466,667	2,535,000	...	2,535,000	...	...	...
NET			0			0			0
Unfunded Debt—									
Deposits of Service Funds	98,904	...	98,100	...	...	96,800	...	...	...
Savings Bank Deposits	4,773,919	...	4,377,400	...	...	4,477,800	...	...	...
TOTAL NET	4,872,823	...	4,872,823	4,475,500	...	4,475,500	4,574,600	...	4,574,600
			572,334			669,200			684,800
Deposits and Advances—									
Balances of Provincial Allotments	557,461	...	786,800	...	...	69,500	...	...	...
Appropriation for Reduction or Avoidance of Debt	512,262	...	331,500	...	...	470,700	...	...	...
Excluded Local Funds	846,922	...	782,200	...	...	733,400	...	...	...
Railway Funds	50,600	...	23,700	...	...	23,900	...	...	...
Deposits of Sinking Funds	10,691	...	11,100	...	...	11,600	...	...	...
Gold Standard Reserve	3,677,879	(a) 6,488,402	3,986,700	3,352,000	...	813,300	3,358,600	...	...
Currency Reserve: Council Bills appropriated	...	(b) 1,333,333	...	...	...	...	...	...	...
Currency Reserve: Bonds drawn	...	...	...	31,700	...	...	69,700	...	...
Currency Reserve: Gold transferred	1,645,000	...	...	1,045,000	...	...	...	...	...
Departmental and Judicial Deposits	20,314,236	...	21,343,600	...	...	21,535,400	...	...	...
Advances	5,514,650	17,120	4,377,600	12,900	...	3,913,100	900	...	...
Suspense Accounts	424,766	...	6,200	...	...	216,200	...	...	...
Exchange on Remittance Accounts, net	7,815	...	...	...	...	...	...	...	...
Miscellaneous	18,858	...	...	2,400	...	3,900	...	...	...
TOTAL NET	32,981,140	7,838,864	40,820,004	31,649,400	4,444,000	36,093,400	27,791,000	3,429,200	31,220,200
			742,807			72,800			16,400
Carried over	115,720,743	23,822,938		117,190,400	7,209,800		112,537,800	11,110,600	

(a) Includes £3,543,000 remitted from India by means of Council Bills.
 (b) Remitted from India by means of Council Bills.

Government of India, in India and in England.

	ACCOUNTS, 1905-1906.			REVISED ESTIMATE, 1906-1907.			BUDGET ESTIMATE, 1907-1908.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Expenditure, Imperial and Provincial (from Statement B)	52,594,644	18,617,465	71,212,109	54,357,700	19,329,600	73,687,300	56,278,500	18,402,900	74,681,400
Add—Provincial Surpluses transferred to "Deposits"	557,461	...	557,461	786,800	...	786,800	69,500	...	69,500
Deduct—Provincial Deficits charged to "Deposits"	533,467	...	533,467	173,300	...	173,300	512,800	...	512,800
TOTAL	52,618,638	18,617,465	71,236,103	54,971,200	19,329,600	74,300,800	55,835,200	18,402,900	74,238,100
Railway and Irrigation Capital not charged to Revenue—									
OUTLAY ON IRRIGATION WORKS	524,245	31,949	556,194	750,100	73,000	823,100	803,300	30,000	833,300
OUTLAY ON STATE RAILWAYS	7,360,894	2,049,305	9,410,199	5,340,900	2,593,100	7,934,000	3,588,500	3,626,600	7,215,100
CAPITAL CHARGE INVOLVED IN REDEMPTION OF LIABILITIES									
Bombay, Baroda and Central India Railway	...	12,480,446		...	...	...	...	...	...
Bengal Central Railway	...	500,514		...	...	...	...	...	...
TOTAL	...	12,980,960	12,980,960	...	...	...	...	...	...
OUTLAY OF RAILWAY COMPANIES—									
Payments for Capital outlay	—672,650	1,130,176	457,526	1,037,300	1,440,400	2,477,700	1,150,900	1,790,000	2,940,900
NET	...	...	0	...	...	1,859,900	...	...	1,825,600
RAISED AND DEPOSITED BY RAILWAY COMPANIES—									
Payments for discharge of Debentures	...	636,742	636,742	...	302,800	302,800	...	2,385,100	2,385,100
NET	...	...	35,674	...	...	251,200	...	...	0
Permanent Debt Discharged—									
Sterling Debt—									
India 4 p. c. Stock	...	59		...	...		...	...	
G. I. P. Railway Debentures	...	250,000		...	...		...	...	
B. B. C. I. Railway Debentures	...	...		...	749,900		...	500,000	
Rupee Debt—									
4½ p. c. Loans	200	...		...	...		...	...	
4 p. c. Loans	143,415	...		84,000	...		84,000	...	
3½ p. c. Loans	893	...		600	...		700	...	
Stock Notes	...	...		...	...		100	...	
Provincial Debentures	...	...		100	...		300	...	
TOTAL NET	144,508	250,059	394,567	84,700	749,900	834,600	85,100	500,000	585,100
Temporary Debt Discharged—									
Temporary Loans	466,667	500,000	966,667	2,535,000	...	2,535,000	...	...	...
NET	...	...	500,000	...	...	0	...	...	...
Unfunded Debt—									
Special Loans	364	...		300	...		300	...	
Deposits of Service Funds	87,671	...		87,700	...		89,000	...	
Savings Bank Deposits	4,212,454	...		3,718,300	...		3,800,500	...	
TOTAL NET	4,300,489	...	4,300,489	3,806,300	...	3,806,300	3,889,800	...	3,889,800
Deposits and Advances—									
Balances of Provincial Allotments	533,467	...		173,300	...		512,800	...	
Excluded Local Funds	840,580	...		775,200	...		725,300	...	
Railway Funds	73,658	...		19,400	...		16,000	...	
Gold Standard Reserve	3,543,000	6,488,402		3,940,000	3,352,000		1,146,900	3,358,600	
Currency Reserve : sums invested	...	1,333,333		...	31,700		...	69,700	
Do. Gold transferred	...	1,045,000		1,045,000	...		...	...	
Departmental and Judicial Deposits	19,965,010	...		21,287,700	...		21,691,700	...	
Advances	6,161,079	5,702		3,963,100	253,700		3,630,600	52,200	
Suspense Accounts	72,848	...		518,300	...		...	...	
Exchange on Remittance Accounts	...	...		24,000	...		...	...	
Miscellaneous	15,077	41		5,100	100		...	...	
TOTAL NET	31,204,719	8,872,778	40,077,197	31,753,100	3,637,500	35,390,600	27,723,300	3,480,500	31,203,800
Carried over	95,947,510	45,069,134		100,278,600	28,126,300		93,076,100	30,215,100	

C.—Statement of Receipts and Disbursements of the

	ACCOUNTS, 1905-1906.			REVISED ESTIMATE, 1906-1907.			BUDGET ESTIMATE, 1907-1908.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward . . .	115,720,743	23,822,938		117,190,400	7,209,800		112,537,800	11,110,600	
Loans and Advances by Imperial Government .	1,256,419	...	1,256,419	315,400	...	315,400	444,800	...	444,800
NET .			1,065,079			0			61,600
Loans and Advances by Provincial Governments	480,529	...	480,529	578,500	..	578,500	710,300	...	710,300
NET .						0			0
Capital of Local Boards	28,224	...	28,224	64,900	...	64,900	41,700	...	41,700
NET .			1,526			1,600			1,700
Remittances—									
Inland Money Orders .	24,175,983	..		25,333,300	...		26,666,700	...	
Other Local Remittances	52,419	...		360,500	...		359,300	...	
Other Departmental Accounts . . .	1,015,228	...		264,300	...		272,500	...	
Net Receipts by Civil Treasuries from—									
Post Office . . .	667,011	...		612,600	...		734,500	...	
Guaranteed Railways	1,282,233	...		571,200	...		640,400	...	
Public Works . . .	1,831,418	...		3,294,700	...		5,329,000	...	
Net Receipts from Civil Treasuries by—									
Telegraph . . .	133,890	...		147,900	...		132,700	...	
Marine . . .	188,091	...		173,300	...		233,600	..	
Military . . .	13,087,854	...		13,066,200	...		13,535,600	...	
Remittance Account between England and India—									
Gold remitted from India	1,000,000	400,309		...	...		...	...	
Transfers through Paper Currency Reserve . . .	...	100,000		3,500,000	1,650,000		...	...	
Purchase of silver . . .	8,643,946	...		12,712,800	...		170,000	...	
Railway transactions .	1,828,546	1,491,662		2,162,000	4,000		2,849,400	2,903,500	
Other " . . .	848,821	1,612,147		3,350,500	886,500		331,000	369,700	
TOTAL .	54,755,440	3,604,118	58,359,558	65,549,300	2,540,500	68,089,800	51,260,700	3,273,200	54,533,900
NET .			623,474			177,000			98,700
Secretary of State's Bills drawn	...	(a) 26,290,640	26,290,640	...	33,000,000	33,000,000	...	18,100,000	18,100,000
TOTAL RECEIPTS .	172,241,355	53,717,696		183,698,500	42,750,300		164,995,300	32,483,800	
Opening Balance .	10,749,770	10,262,581		11,781,457	8,436,519		11,118,657	4,313,819	
GRAND TOTAL .	182,991,125	63,980,277		195,479,957	51,186,819		176,113,957	36,797,619	

(a) In addition to £3,513,000 for remittance of the Gold Standard Reserve and £1,333,333 on account of Paper Currency Investment.

L. E. PRITCHARD,
Deputy Comptroller General.

FORT WILLIAM,
FINANCE DEPARTMENT ;
March 20, 1907.

Government of India, in India and in England—continued.

	ACCOUNTS, 1905-1906.			REVISED ESTIMATE, 1906-1907.			BUDGET ESTIMATE, 1907-1908.		
	India.	England.	Total.	India.	England.	Total.	India.	England.	Total.
	£	£	£	£	£	£	£	£	£
Brought forward .	95,947,510	45,069,134		100,278,600	28,126,300		93,076,100	30,215,100	
Loans and Advances by Imperial Government .	191,340	...	191,340	340,000	...	340,000	383,200	...	383,200
NET .			0			24,600			0
Loans and Advances by Provincial Governments .	772,930	...	772,930	1,179,100	...	1,179,100	852,200	...	852,200
NET .			292,401			600,600			141,900
Capital Account of Local Boards	26,698	...	26,698	63,300	...	63,300	40,000	...	40,000
Remittances—									
Inland Money Orders .	24,158,768	...		25,333,300	...		26,666,700	...	
Other Local Remittances .	...	...		358,200	...		359,300	...	
Other Departmental Accounts . . .	1,021,728	...		264,300	...		272,500	...	
Net payments into Civil Treasuries by—									
Post Office	667,047	...		612,600	...		734,500	...	
Guaranteed Railways .	1,282,233	...		571,200	...		646,400	...	
Public Works	1,861,881	...		3,228,100	...		5,329,000	...	
Net Issues from Civil Treasuries to—									
Telegraph	135,811	...		147,900	...		132,700	...	
Marine	190,058	...		173,300	...		233,600	...	
Military	13,087,854	...		13,066,200	...		13,535,600	...	
Remittance Account between England and India—									
Gold remitted from India	1,000,433	...		...	...		...	...	
Transfers through Paper Currency Reserve .	...	...		1,750,000	3,500,000		...	...	
Purchase of Silver .	329,893	8,218,043		...	12,567,500		...	...	
Railway transactions .	1,488,296	1,831,912		4,000	2,162,000		2,903,500	2,849,400	
Other "	2,037,458	424,669		5,657,000	517,200		476,000	296,000	
TOTAL .	47,261,460	10,474,624	57,736,084	49,166,100	18,746,700	67,912,800	51,289,800	3,145,400	54,435,200
NET .			0			0			0
Secretary of State's Bills paid	(a) 27,009,730	...	27,009,730	33,334,200	...	33,334,200	18,103,900	...	18,103,900
TOTAL DISBURSEMENTS .	171,209,668	55,543,758		184,361,300	46,873,000		163,745,200	33,360,500	
Closing Balance .	11,781,457	8,436,519		11,118,657	4,313,819		12,568,757	3,437,119	
GRAND TOTAL .	182,991,125	63,980,277		195,479,957	51,186,819		176,113,957	36,797,619	

(a) In addition to £3,543,000 for payment from the Gold Standard Reserve and to £1,333,333 for payment from the Currency Reserve.

O. T. BARROW,
Comptroller General.J. S. MESTON,
Secretary to the Government of India.

D.—Account of Provincial and Local Savings charged to Revenue, and held at the disposal of Provincial Governments under their Provincial Settlements.

Provincial and Local Balances.

NOTE.—These balances do not include the Balances of Deposits and Advances upon Local Fund Accounts.

	India.	Central Provinces and Berar.	Burma.	Eastern Bengal and Assam.	Bengal.	United Provinces of Agra and Oudh.	Punjab.	N.-W. Fron- tier Prov- ince.	Madras.	Bombay.	TOTAL.	Equivalent in £ at Rs 15 = £1.
	R	R	R	R	R	R	R	R	R	R	R	£
Accounts, 1905-1906.												
Balance at end of 1904-1905 . . .	1,48,441	21,59,305	83,76,100	43,44,188	1,42,99,869	92,85,782	1,01,24,708	1,36,588	1,20,89,750	1,06,60,917	7,16,25,648	4,775,043
Added in 1905-1906 .	...	34,16,908	...	36,04,258	...	...	...	18,948	11,58,222	1,63,584	83,61,920	557,461
Spent in 1905-1906 .	36,885	...	25,45,404	...	3,20,634	28,30,513	22,68,574	...	...	...	80,02,010	533,467
Balance at end of 1905-1906 . . .	1,11,556	55,76,213	58,30,696	79,48,446	1,39,79,235	64,55,269	78,56,134	1,55,536	1,32,47,972	1,08,24,501	7,19,85,558	4,799,037
Revised Estimate, 1906-1907.												
Balance at end of 1905-1906 (by Ac- counts) . . .	1,11,556	55,76,213	58,30,696	79,48,446	1,39,79,235	64,55,269	78,56,134	1,55,536	1,32,47,972	1,08,24,501	7,19,85,558	4,799,037
Added in 1906-1907 .	16,000	16,01,000	24,09,000	...	...	15,18,000	...	33,000	35,66,000	26,59,000	1,18,02,000	786,800
Spent in 1906-1907 .	...	...	...	4,50,000	18,45,000	...	3,04,000	...	...	...	25,99,000	173,500
Balance at end of 1906-1907 . . .	1,27,556	71,77,213	82,39,696	74,98,446	1,21,34,235	79,73,269	75,52,134	1,88,536	1,68,13,972	1,34,83,501	8,11,88,558	5,412,537
Budget Estimate, 1907-1908.												
Balance at end of 1906-1907 (by Re- vised Estimate) .	1,27,556	71,77,213	82,39,696	74,98,446	1,21,34,235	79,73,269	75,52,134	1,88,536	1,68,13,972	1,34,83,501	8,11,88,558	5,412,537
Added in 1907-1908 .	...	10,32,000	...	...	..	...	...	11,000	...	...	10,43,000	69,500
Spent in 1907-1908 .	1,000	...	15,34,000	16,91,000	17,92,000	5,50,000	10,12,000	...	9,60,000	1,52,000	76,92,000	512,800
Balance at end of 1907-1908 . . .	1,26,556	82,09,213	67,05,696	58,07,446	1,03,42,235	74,23,269	65,40,134	1,99,536	1,58,53,972	1,33,31,501	7,45,39,558	4,969,237

L. E. PRITCHARD,
Deputy Comptroller General.

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

FORT WILLIAM,
FINANCE DEPARTMENT ;
March 20, 1907.

E.—Abstract Statement of the Receipts and Disbursements of the Government of India, in India and in England.

REVENUE AND EXPENDITURE.		Accounts, 1905-1906.				Revised Estimate, 1906-1907.		Budget Estimate, 1907-1908.	
		Revenue.	Expenditure.		Net Receipts.	Net Charges.	Net Receipts.	Net Charges.	Net Receipts.
			Refunds and Assignments.	Cost of Collection and Production.					
		£	£	£	£	£	£	£	£
Principal Heads of Revenue.	Revenue Heads.								
	Land Revenue (excluding that due to Irrigation)	18,862,169	732,597	3,335,910	14,793,662	15,752,300		15,972,900	
	Opium	5,468,780	3,395	1,892,441	3,572,944	3,687,400		3,042,700	
	Salt	4,376,410	266,471	363,166	3,746,773	3,658,300		2,652,600	
	Stamps	3,926,364	50,038	128,164	3,748,162	3,791,000		3,930,500	
	Excise	5,687,820	56,425	258,116	5,373,279	5,576,400		5,839,500	
	Provincial Rates	2,798,051	5,795	37,211	2,755,045	2,251,400		2,295,200	
	Customs	4,348,017	89,650	182,459	4,075,908	3,904,600		4,291,500	
	Assessed Taxes	1,321,393	6,715	22,626	1,292,052	1,379,400		1,400,800	
	Forest	1,779,566	4,442	954,318	820,306	817,000		815,800	
	Registration	361,959	824	187,613	173,522	185,100		181,100	
	Tributes	597,430	200,563	...	396,867	413,500		403,600	
	Total	49,527,959	1,416,915	7,362,524	40,748,520	41,506,400		40,826,200	
	Total deduction from Revenue			8,779,439					
	Expenditure Heads.								
	Debt Services	Interest	944,986	1,409,935		464,949	386,800		100,804
	Commercial Services.	Post Office	1,651,177	1,575,936	75,541	166,100		105,900	
		Telegraph	909,854	1,076,489		166,635	182,700		88,200
		Railways	12,924,420	10,922,454	2,001,966	2,157,800		2,149,700	
		Irrigation	3,006,663	2,880,432	126,231	597,700		368,200	
	Other Public Works.	Military	49,306	1,094,905		1,045,599	1,075,900		1,210,300
		Civil	487,411	5,362,402		4,874,991	5,062,500		5,370,800
	Mint	Mint	321,183	120,079	201,104	254,600		94,500	
	Miscellaneous Civil Services.	Civil Departments	1,550,599	13,258,489	11,707,890		12,692,500		13,296,100
		Superannuation	194,353	2,942,548		2,748,195	2,797,200		2,845,600
		Exchange	82,870	...	82,870	193,300		133,300	
		Miscellaneous	413,800	336,700	77,100	195,100		137,300	
	Famine Relief and Insurance	Other heads	73,380	1,018,865		965,485	1,075,700		1,139,100
		Famine Relief	...	135,887		135,887	312,600		60,300
	Army Services	Other heads	...	864,113		864,113	637,400		939,700
		Effective	1,058,668	16,195,955	15,137,287	15,733,900	15,733,900		15,268,800
		Non-effective	131,028	3,071,175	2,940,147	2,982,900	2,982,900		3,018,300
		Special Defences (1902)	...	146,306	146,306	141,300	141,300		145,700
	Total	73,327,957	71,212,109		2,115,848	1,939,600		321,400	
	Provincial Adjustment	Surplus		23,994			613,500		
		Deficit		...				443,300	
	Total	73,327,957	71,236,103		2,091,854	1,326,100		774,700	
Capital Account	Surplus				2,091,854	1,326,100		774,700	
	Railway and Irrigation Capital not charged to Revenue:—								
	Capital raised through Companies towards outlay on State Railways			(net)	1,487,995			2,650,000	
	Capital raised and deposited by Railway Companies			(net)		35,674	251,200	1,190,400	
	Outlay on Irrigation Works					556,194	823,100		823,300
	Outlay on State Railways					9,410,199	7,934,000		7,215,100
	Outlay of Railway Companies			(net)	362,528		1,859,900		1,825,600
	Capital involved in Redemption of Railway Liabilities					12,980,960	...		...
	Permanent Debt			(net)	16,752,546	4,165,400		4,914,900	
	Temporary Debt			(net)		500,000			
Debt, Deposits, Advances, and Remittances.	Unfunded Debt			(net)	572,334	669,200		684,800	
	Loans and Advances by Imperial Government			(net)	1,065,079		24,600	61,600	
	Loans and Advances by Provincial Governments			(net)		292,401	600,600		1,11,900
	Capital Account of Local Boards			(net)	1,526		1,600		1,700
	Deposits and Advances			(net)	742,807		702,800		16,400
	Remittances			(net)	623,474		177,000		98,700
	Secretary of State's Bills drawn			(net)	26,290,640		33,000,000		18,100,000
	Secretary of State's Bills paid			(net)		27,009,730	33,334,200		13,103,900
					49,990,783	50,785,158	40,012,100	44,827,600	28,493,200
					21,012,351		20,217,976		15,132,476
Cash Balance	Opening Balance			(net)					28,119,800
	Closing Balance			(net)		20,217,976	15,432,476		15,805,876
Total		71,003,134	71,902,134		60,260,076	60,260,076	43,925,676	43,925,676	

L. E. PRITCHARD,
Deputy Comptroller General.

O. T. BARROW,
Comptroller General.

J. S. MESTON,
Secretary to the Government of India.

FORT WILLIAM,
FINANCE DEPARTMENT.
March 20, 1907.

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APPENDIX II.

Memorandum by the Military Finance Secretary on Military Expenditure for the years 1906-1907 and 1907-1908.

This memorandum is concerned with the expenditure incurred in England and India under the four Budget heads "46—Army," "21—Marine" (Imperial), "44—Military Works," and "47—Special Defences." It also makes an approximate differentiation between "Special" and Ordinary military expenditure.

2. Special expenditure, as explained by the Hon'ble Financial Member in Part I of the Budget Statement, consists of outlay on—

- (1) Measures connected with the carrying out of Lord Kitchener's scheme for the Reorganisation and Redistribution of the Army.
- (2) Other special measures for the improvement of Military administration which had been initiated prior to the year 1904-1905. In this case, the further expenditure on such measures is treated as Special only to the extent that it exceeds the budget provision made in 1904-1905.
- (3) All expenditure connected with the scheme for the rearmament and improvement of our coast and frontier defences.
- (4) All other new measures which appreciably add to military expenditure. If the maximum cost of such a new measure, adding the full amount of recurring expenditure in any one year to the initial outlay, exceeds Rs 20,000 (Rs 50,000 in the case of buildings), the cost is debited to the Special expenditure grant.

The balance of military expenditure outside special outlay of these descriptions is classed as Ordinary.

1.—REVISED ESTIMATES OF 1906-1907.

A.—SPECIAL EXPENDITURE.

3. The following table shows the amount of Special expenditure—Home and Indian—under the Budget heads concerned, as provided for in the Budget of the current year and as now estimated:—

	Budget, 1906-1907.		Revised Estimate, 1906-1907.	
	R	£	R	£
Army—				
Home . . .	1,56,72,000	1,044,800	1,42,32,000	948,800
India . . .	1,22,08,000	813,800	1,09,88,000	732,500
Total . . .	2,78,80,000	1,858,600	2,52,20,000	1,681,300
Marine—				
Home . . .	19,52,000	130,100	18,81,000	125,400
India . . .	7,000	500	7,000	500
Total . . .	19,59,000	130,600	18,88,000	125,900
Military Works—				
Home . . .	...	...	3,23,000	21,500
India . . .	81,88,000	545,900	70,09,000	467,300
Total . . .	81,88,000	545,900	73,32,000	488,800
Special Defences—				
Home . . .	14,40,000	96,000	7,20,000	48,000
India . . .	20,33,000	135,500	14,00,000	93,300
Total . . .	34,73,000	231,500	21,20,000	141,300
Total under all heads—				
Home . . .	1,90,64,000	1,270,900	1,71,56,000	1,143,700
India . . .	2,24,36,000	1,495,700	1,94,04,000	1,293,600
GRAND TOTAL . . .	4,15,00,000	2,766,600	3,65,60,000	2,437,300

Special expenditure, for 1906-1907 was fixed at 325 lakhs of rupees, (£2,166,600), as the ordinary grant of the year, with a further addition of 90

lakhs (£600,000) to make up for large lapses which had occurred in the previous year, largely owing to delay in the supply of Artillery and stocks of ammunition and other stores contracted for through the War Office. The amount which will be spent during the year is now estimated at about 365½ lakhs (£2,437,300). The principal causes of this decrease of expenditure as compared with the Budget, which amounts to about 49½ lakhs (£329,300), are as follows.

4. Short expenditure under *Special Defences*, which is mainly concerned with the adequate protection of the principal Indian sea-ports, is due to the question of the nature of the guns which should be mounted for the protection of these ports having been reconsidered, and the consequent delay in carrying out the original programme.

5. The decrease under *Military Works* (India) is due to slower progress than was anticipated in carrying out the building operations consequent on Lord Kitchener's Redistribution scheme. The Home expenditure incurred, which was not provided for in the Budget, is due to the necessity for procuring stores which were not discriminated from the Indian outlay when the Budget was framed.

6. The small decrease under *Marine* calls for no special remarks.

7. The decrease under *Army* is due mainly to smaller expenditure than had been anticipated on the following important measures :—

- (1) Reorganisation of horse and field batteries.

The original scheme was materially modified on the advice of the Army Council, and the Government of India are now awaiting a final decision on certain details. It thus became necessary to defer expenditure.

- (2) Provision made for the purchase of land and new lines for Indian troops in connection with the Redistribution scheme.

- (3) Purchase of reserve artillery ammunition in England.

- (4) Increase in reserves of rifles.

The Ishapore Rifle Factory has not yet been able to turn out the local supply of rifles which was anticipated.

- (5) Progress of artillery rearmament.

Here again, the Cossipore Factory, on which we rely for a local supply of guns, has not worked up to the anticipated output.

- (6) Increase of Indian Army reserves, owing to the enrolment of additional reservists not having come up to anticipation.

8. On the other hand, failure to work up to the original programme in these and other matters has rendered it possible to undertake certain measures which had not been provided for in the current year's budget. The most important of these are :—

- (1) Constitution of a new Chief of the Staff's Division at Army Headquarters.

The appointment of a Chief of the Staff, to assist the Commander-in-Chief in dealing with the questions of Army policy and the preparation of the Army for war, was sanctioned by the Secretary of State in connection with the constitution of the Army and Supply Departments. The larger portion of the establishment provided for this high officer has been obtained by transfer from the Divisions of the Adjutant-General and Quartermaster-General, while the additional outlay involved has been treated as Special expenditure.

- (2) Supply of half the extra British *personnel* required for the existing and additional artillery ammunition columns.

The budget provision was only for *matériel* and horses.

- (3) Concessions to the Native army in the shape of—

(a) Increase of kit money on enlistment.

(b) An annual grant for boots.

(c) Larger facilities for visiting their homes in the hot weather.

- (4) Payment of bounties to time-expired British soldiers to induce them to continue their service in India.

Part of this expenditure will be borne by His Majesty's Government and the exact allocation is still under discussion. In the meantime the portion which India may have to pay has been debited to Special expenditure, and the amount which the Government of India count on getting recouped, to Ordinary.

9. Taking the principal results obtained from Special expenditure during the current year, the Government of India have, in addition to progress on Special Defences, and on the building and other outlay required in connection with the Redistribution scheme—

- (1) Met the recurring expenditure involved in measures which had been previously brought to practical completion, such as the reorganisation and completion of transport, the reconstitution of certain regiments, and the re-equipment of field hospitals.
- (2) Added 87 officers to the Indian army making a total addition of 257 since the 1st January 1906.
- (3) Made satisfactory progress in the rearmament of horse and field batteries pertaining to the field army, a measure which will be brought to completion in 1907-1908.
- (4) Made large progress in the provision of Small Arms Ammunition Columns.
- (5) Considerably expanded the Ordnance factories at Cossipore and Ishapore, with the object of obtaining local production of guns, rifles and bayonets, and nearly completed the Gun Carriage factory at Jubbulpore. The Bombay arsenal is also in course of transfer to a more convenient site at Kirkee, and considerable progress has been made on the buildings there.
- (6) Added to and improved Army dairies.
- (7) Practically completed the new Staff Collège buildings at Quetta. The Indian Staff College, hitherto provisionally located at Deolali, will move to Quetta very shortly.
- (8) Obtained a new vessel for the Indian Marine, the "Northbrook," to replace the "Canning" which is now past service and is to be sold.
- (9) Provided for another Indian Marine vessel to replace the "Nancowry" which has been employed on Marine surveys. The contract provides for the delivery of this vessel at an early date in 1907-1908.

10. It may also be noted that the Supply and Transport Corps, which has hitherto been under His Excellency the Commander-in-Chief and the Army Department in respect of Supply and Transport work, and under the Department of Military Supply in respect of Contracts and Registration, has now been placed entirely under the Commander-in-Chief and the Army Department; and the Corps is, at the same time, undergoing an economical reorganisation which will eventually reduce its cost as estimated for in the current year's Budget by about 2½ lakhs per annum (£18,000).

B.—ORDINARY EXPENDITURE.

11. The following table exhibits Ordinary expenditure—Home and Indian—as provided for in the Budget of the current year and as now estimated:—

	Budget, 1906-1907.		Revised Estimate, 1906-1907.	
	₹	£	₹	£
Army—				
Home . . .	6,83,70,000	4,558,000	7,02,18,000	4,681,200
India . . .	20,14,51,000	13,430,100	20,20,44,000	13,469,600
Total	26,98,21,000	17,988,100	27,22,62,000	18,150,800
Marine—				
Home . . .	27,59,000	183,900	31,54,000	210,300
India . . .	41,92,000	279,500	40,48,000	269,800
Total	69,51,000	463,400	72,02,000	480,100
Military Works—				
Home . . .	4,56,000	30,400	6,07,000	40,500
India . . .	88,97,000	593,100	* 89,50,000	596,600
Total	93,53,000	623,500	* 95,57,000	637,100
Total under all heads—				
Home . . .	7,15,85,000	4,772,300	7,39,79,000	4,932,000
India . . .	* 21,45,40,000	14,302,700	21,50,42,000	14,336,000
GRAND TOTAL	28,61,25,000	19,075,000	28,90,21,000	19,268,000

12. *Marine* charges are about $2\frac{1}{2}$ lakhs (£17,000) in excess of the Budget owing to an increase of nearly 4 lakhs in Home outlay consequent on larger purchase of stores there, which is partially counterbalanced by a decrease of nearly $1\frac{1}{2}$ lakhs in expenditure in India.

13. Ordinary *Military Works* expenditure is incurred against what is known as the fixed Military Works Grant. At the beginning of the current year this grant was fixed at about $93\frac{1}{2}$ lakhs (£623,500), but has recently been raised to 95 lakhs (£633,300), as it was found that a reduction formerly made in respect of the transfer of up-keep of certain roads to Local Governments had been larger than the actual facts warranted. The actual expenditure will, it is anticipated, slightly exceed the grant owing to larger expenditure on stores in England.

14. Under *Army*, the Revised Home estimate charges show an increase of about $18\frac{1}{2}$ lakhs (£1,23,000). This is due to increased trooping charges, additional furlough payments, and larger credits to the War Office on account of British troops serving in India, partly counteracted by smaller outlay on stores.

15. The Indian expenditure shows an increase of about 6 lakhs (£40,000), of which $4\frac{1}{2}$ lakhs is due to expenditure on the concentration of troops at Agra, in connection with the visit of His Majesty the Amir of Afghanistan, which had not been provided for in the Budget. This leaves a net increase of about $1\frac{1}{2}$ lakhs. There has been a considerable increase of expenditure, amounting to 17 lakhs, under charges connected with food and compensation for dearness of food and forage, owing to prevalence of high prices. This, however, is partially counterbalanced by a net saving of $15\frac{1}{2}$ lakhs, the resultant of a variety of increases and decreases as compared with the Budget. The principal decreases are, 5 lakhs on pay of British troops, owing to short strength (counterbalanced by 2 lakhs more on account of service pay and 2 lakhs for increased expenditure on clothing compensation), 3 lakhs under Native Army Reserve, 3·6 lakhs owing to smaller purchase of malt liquor, and 1·7 lakhs less expenditure on medical supplies. A decrease of 2·4 lakhs under the Aden Delimitation Commission, consequent on the demobilisation of the force at D'thala, is more than counterbalanced by an increase of 3 lakhs under the Tibet Mission owing to high prices of food supplies. There has also been an increase of about 2 lakhs under the pay of British officers owing to the savings consequent on absence on leave and otherwise having been over-estimated; and, as explained in paragraph 8, part of the amount spent on bounties to time-expired British soldiers has been debited to Ordinary expenditure.

16. The total Ordinary expenditure under all heads shows an increase of about 29 lakhs (£193,000) as compared with the Budget Estimate, of which about 2 lakhs occurs under Military Works, $2\frac{1}{2}$ lakhs under Marine, and about $24\frac{1}{2}$ lakhs (£163,000) under Army. The causes which have led to this increase have been explained above: it may be succinctly summarised as mainly due to—

- (1) Increase in the Military Works fixed grant.
- (2) Expenditure on the concentration of troops at Agra.
- (3) Larger Home charges under Army and Marine.
- (4) Additional outlay consequent on high prices of food and forage.

C.—TOTAL MILITARY EXPENDITURE, ORDINARY AND SPECIAL.

17. The following statement compares the total Military expenditure, *i.e.*, Ordinary and Special taken together, as shown in the Budget and Revised Estimates of the current year :—

		Budget, 1906-1907.		Revised Estimate, 1906-1907.	
		R	£	R	£
Army—					
Home . . .		8,40,42,000	5,602,800	8,44,50,000	5,630,000
India . . .		21,36,59,000	14,243,900	21,30,32,000	14,202,100
Total		29,77,01,000	19,846,700	29,74,82,000	19,832,100
Marine—					
Home . . .		47,11,000	314,000	50,35,000	335,700
India . . .		41,99,000	280,000	40,55,000	270,300
Total		89,10,000	594,000	90,90,000	606,000
Military Works—					
Home . . .		4,56,000	30,400	9,30,000	62,000
India . . .		1,70,85,000	1,139,000	1,59,59,000	1,063,900
Total		1,75,41,000	1,169,400	1,68,89,000	1,125,900
Special Defences—					
Home . . .		14,40,000	96,000	7,20,000	48,000
India . . .		20,33,000	135,500	14,00,000	93,300
Total		34,73,000	231,500	21,20,000	141,300
Total under all heads—					
Home . . .		9,06,49,000	6,043,200	9,11,35,000	6,075,700
India . . .		23,69,76,000	15,798,400	23,44,46,000	15,629,600
GRAND TOTAL		32,76,25,000	21,841,600	32,55,81,000	21,705,300

18. The Revised Estimate shows a decrease of over 20 lakhs (£136,000), a lapse of about 49½ lakhs under Special expenditure having been partially counter-balanced by an increase in Ordinary charges, the reasons for which have been explained above.

D.—MILITARY RECEIPTS.

19. Certain receipts are credited under Army, Military Works, and Marine. These arise mainly from payments by His Majesty's Government against charges incurred on their account, rents of quarters, sales of stores, and recoveries on certain issues such as malt-liquor and rum, and in certain cases clothing, to soldiers.

20. The following table shows the total receipts of 1906-1907 as respectively taken in the Budget and in the Revised Estimate :—

		Budget, 1906-1907.		Revised Estimate, 1906-1907.	
		R	£	R	£
Army . . .		1,59,68,000	1,064,500	1,67,30,000	1,115,300
Marine . . .		21,45,000	143,000	19,16,000	127,700
Military Works . . .		7,10,000	47,300	7,50,000	50,000
Total		1,88,23,000	1,254,800	1,93,96,000	1,293,000

21. The increase in Army receipts is mainly due to credit taken for a refund agreed to by the War Office on account of pay of Native troops during furlough earned by service in China and Somaliland.

Marine receipts show some falling-off owing to smaller recoveries for hire of vessels, etc.

FINANCIAL STATEMENT OF THE

E.—NET MILITARY EXPENDITURE.

22. Deducting the receipts from the gross expenditure, the net military expenditure for 1906-1907 was taken at ₹30,88,02,000 (£20,586,800) in the Budget for the current year, and is now estimated at ₹30,61,85,000 (£20,412,300).

II.—BUDGET ESTIMATE OF 1907-1908.

A.—SPECIAL EXPENDITURE.

23. The following tables compare, both in rupees and in sterling, the Budget provision of 1907-1908 with the Budget and Revised Estimate figures of 1906-1907 :—

		Budget, 1906-1907.	Revised Estimate, 1906-1907.	Budget, 1907-1908.
		₹	₹	₹
Rupee figures.	Army—			
	Home	1,56,72,000	1,42,32,000	18,28,000
	India	1,22,08,000	1,09,88,000	1,55,56,000
	Total	2,78,80,000	2,52,20,000	1,73,84,000
	Marine—			
	Home	19,52,000	18,81,000	10,78,000
	India	7,000	7,000	2,23,000
	Total	19,59,000	18,88,000	13,01,000
	Military Works—			
	Home	...	3,23,000	...
	India	81,88,000	70,09,000	88,80,000
	Total	81,88,000	73,32,000	88,80,000
	Special Defences—			
	Home	14,40,000	7,20,000	3,00,000
	India	20,33,000	14,00,000	18,85,000
	Total	34,73,000	21,20,000	21,85,000
	Total under all heads—			
	Home	1,90,64,000	1,71,56,000	32,06,000
	India	2,24,36,000	1,94,04,000	2,65,44,000
	GRAND TOTAL	4,15,00,000	3,65,60,000	2,97,50,000

Sterling figures.	Army—	£	£	£
	Home	1,044,800	948,800	121,800
	India	813,800	732,500	1,037,100
	Total	1,858,600	1,681,300	1,158,900
	Marine—			
	Home	130,100	125,400	71,900
	India	500	500	14,900
	Total	130,600	125,900	86,800
	Military Works—			
	Home	...	21,500	...
	India	545,900	467,300	592,000
	Total	545,900	488,800	592,000
	Special Defences—			
	Home	96,000	48,000	20,000
	India	135,500	93,300	125,700
	Total	231,500	141,300	145,700
	Total under all heads—			
	Home	1,270,900	1,143,700	213,700
	India	1,495,700	1,293,600	1,709,700
	GRAND TOTAL	2,766,600	2,437,300	1,983,400

24. In the coming year, owing to the more favourable political situation and the reduction of revenue estimated under opium, the current special grant has been reduced from 325 lakhs (£2,166,600) to 250 lakhs (£1,666,700). To this is added 47½ lakhs (£316,700) on account of lapses during the current year, which includes a special provision of 7½ lakhs (£50,000) for a new vessel to replace the R.I.M.S. *Investigator* on Marine Survey work. We thus get a total provision of 297½ lakhs against 415 lakhs in the current year's Budget. The reduction fall mainly under army expenditure in connection with war *matériel*.

25. The following are the principal measures for which expenditure has been provided, outside progress under Special Defences, and on buildings, acquisition of land and outlay on lines in connection with the Redistribution scheme :—

(a) Measures already in progress :—

- (1) The reorganisation of Horse and Field Batteries.
- (2) The reorganisation of Ammunition Columns.
- (3) Increase to the reserve of Artillery ammunition.
- (4) Increase to the reserve of small arms ammunition.
- (5) Increase to the reserve of rifles.
- (6) Increase to the number of officers in the Indian Army.
- (7) Increase to the reserve of the Indian Army.
- (8) Extension of Army dairies.

(b) New measures :—

- (1) The raising of two Indian Mountain Batteries.
- (2) *The reorganisation of Mountain Artillery.
- (3) *The partial reorganisation of the Heavy Artillery.
- (4) Raising an additional Indian Cavalry regiment from a nucleus of two irregular squadrons.
- (5) Supplying the field army with telephonic equipment.
- (6) The electrification of the Harness and Saddlery factory at Cawnpore.
- (7) *Modification of present pensionary conditions in the Indian Army.
- (8) Provision of the new Indian Marine vessel referred to in paragraph 24.
- (9) Provision of a new Indian Marine vessel to replace the *Irrawaddy*.

* These measures have not as yet been sanctioned by the Secretary of State.

B.—ORDINARY EXPENDITURE.

26. The following statements compare the Budget provision for 1907-1908 with the Budget and Revised Estimates of 1906-1907 :—

		Budget, 1906-1907.	Revised, 1906-1907.	Budget, 1907-1908.
		R	R	R
Rupee figures.	Army—			
	Home . .	6,83,70,000	7,02,18,000	6,95,33,000
	India . .	20,14,51,000	20,20,44,000	20,33,17,000
	Total . .	26,98,21,000	27,22,62,000	27,28,80,000
	Marine—			
	Home . .	27,59,000	31,54,000	27,54,000
	India . .	41,92,000	40,48,000	33,27,000
	Total . .	69,51,000	72,02,000	60,81,000
	Military Works—			
	Home . .	4,56,000	6,07,000	4,05,000
	India . .	88,97,000	89,50,000	96,02,000
	Total . .	93,53,000	95,57,000	1,00,07,000
	Total under all heads—			
	Home . .	7,15,85,000	7,39,79,000	7,26,92,000
	India . .	21,45,40,000	21,50,42,000	21,62,76,000
	GRAND TOTAL . .	28,61,25,000	28,90,21,000	28,89,68,000

FINANCIAL STATEMENT OF THE

		Budget, 1906-1907.	Revised, 1906-1907.	Budget, 1907-1908.
Sterling figures.	Army—	£	£	£
	Home . . .	4,558,000	4,681,200	4,635,600
	India . . .	13,430,100	13,469,600	13,556,400
	Total . . .	17,988,100	18,150,800	18,192,000
	Marine—			
	Home . . .	183,900	210,300	183,600
	India . . .	279,500	269,800	221,800
	Total . . .	463,400	480,100	405,400
	Military Works—			
	Home . . .	30,400	40,500	27,000
	India . . .	593,100	596,600	640,100
	Total . . .	623,500	637,100	667,100
	Total under all heads—			
	Home . . .	4,772,300	4,932,000	4,846,200
	India . . .	14,302,700	14,336,000	14,418,300
	GRAND TOTAL . . .	19,075,000	19,268,000	19,264,500

27. As compared with the current year's Budget, *Marine* charges show a decrease of nearly 9 lakhs (£58,000). This is really due to an altered system of accounting, in connection with labour and local stores transactions incurred by the Marine Dockyards on behalf of His Majesty's Government or Local Governments in India. Formerly the full expenditure incurred on behalf of these authorities was debited in the Marine accounts as outlay and the corresponding recoveries credited as receipts. Hereafter such balancing charges disappear from both sides of the Marine accounts, the debit falling directly, by adjustment, on the employing authority.

28. As already explained in paragraph 13, the *Military Works* fixed grant was raised to 95 lakhs (£633,300) during the current year, and it has now been further raised by about 5 lakhs (£33,800), consequent on the transfer to the Military Works head of certain charges connected with punkah-pulling, electric lighting and water-supply in barracks and cantonments, hitherto debited to the head Army.

29. *Army* expenditure shows an increase of about 30½ lakhs (£204,000) as compared with the current year's Budget Estimate, of which about 11½ lakhs (£78,000) occurs at Home, and 19 lakhs (£126,000) in India. The increase in the Home figures is due to additional trooping charges, more furlough payments, and larger credits to the War Office on account of British troops serving in India, partially counterbalanced by smaller requirements as regards stores.

30. Of the increase in India, 1½ lakhs is due to a change in accounting. As already stated, the Army estimates have been relieved of certain barrack and cantonment charges aggregating 5 lakhs which are now debited to Military Works. On the other hand, charges in connection with Cantonment Magistrates to the extent of 6½ lakhs have been transferred from the Civil to the Army estimates, as Cantonment Magistrates are now under the administrative control of the Commander-in-Chief and the Army Department. Again, with reference to the experience of the current year as shown in the Revised Estimates, charges in connection with food and forage have been increased by about 18 lakhs. Less noticeable increases, which are in the aggregate counterbalanced by decreases under other items, are as follows:—Under service pay to British soldiers, 2 lakhs; for larger expenditure on the pay of regimental officers consequent on the experience of the current year—(*vide* paragraph 15, *supra*), 2 lakhs; on grass and dairy farms (largely covered by corresponding estimated receipts), 3¼ lakhs; on procurement of Remount and Ordnance mules owing to short purchases in previous years, 2 lakhs; local Ordnance stores, 2·7 lakhs; on placing of stock of tents and camp equipage generally in adequate condition, 2·3 lakhs; and on additional charges under the Tibet Mission and Gilgit Agency owing to food prices, nearly 3 lakhs. On the other hand, there are noticeable decreases under the Aden Delimitation Commission, 5·6 lakhs, owing to removal of troops from D'thala; and under the Army Bearer Corps, where reductions are being made, 2 lakhs. There is also a decrease of nearly 8 lakhs consequent on smaller purchase of malt liquor, but this is counterbalanced by decreased receipts. This is due

*to the fact that, after 1st January 1908, British regiments in Northern India, which have hitherto been supplied with beer through the Supply and Transport Corps, for consumption by soldiers on payment, will make their own arrangements for obtaining this.

31. Total Ordinary expenditure under all heads thus shows an increase of about 28½ lakhs (£189,000) as compared with the Budget of the current year.

C.—TOTAL EXPENDITURE, ORDINARY PLUS SPECIAL.

32. The following tables compare the total military expenditure under the various heads, as provided in the Budget and Revised Estimates of the current year and in the Budget for 1907-1908:—

		Budget, 1906-1907.	Revised, 1906-1907.	Budget, 1907-1908.
		₹	₹	₹
Rupee figures.	Army—			
	Home	8,40,42,000	8,44,50,000	7,13,61,000
	India	21,36,59,000	21,30,32,000	21,89,03,000
	Total	29,77,01,000	29,74,82,000	29,02,64,000
	Marine—			
	Home	47,11,000	50,35,000	38,32,000
	India	41,99,000	40,55,000	35,50,000
	Total	89,10,000	90,90,000	73,82,000
	Military Works—			
	Home	4,56,000	9,30,000	4,05,000
	India	1,70,85,000	1,59,59,000	1,84,82,000
	Total	1,75,41,000	1,68,89,000	1,88,87,000
	Special Defences—			
	Home	14,40,000	7,20,000	3,00,000
	India	20,33,000	14,00,000	18,85,000
	Total	34,73,000	21,20,000	21,85,000
	Total under all heads—			
	Home	9,06,49,000	9,11,35,000	7,58,98,000
	India	23,69,76,000	23,44,46,000	24,28,20,000
	GRAND TOTAL	32,76,25,000	32,55,81,000	31,87,18,000

		£	£	£
Sterling figures.	Army—			
	Home	5,602,800	5,630,000	4,757,400
	India	14,243,900	14,202,100	14,593,500
	Total	19,846,700	19,832,100	19,350,900
	Marine—			
	Home	314,000	335,700	255,500
	India	280,000	270,300	236,700
	Total	594,000	606,000	492,200
	Military Works—			
	Home	30,400	62,000	27,000
	India	1,139,000	1,063,900	1,232,100
	Total	1,169,400	1,125,900	1,259,100
	Special Defences—			
	Home	96,000	48,000	20,000
	India	135,500	93,300	125,700
	Total	231,500	141,300	145,700
	Total under all heads—			
	Home	6,043,200	6,075,700	5,059,900
	India	15,798,400	15,629,600	16,188,000
	GRAND TOTAL	21,841,600	21,705,300	21,247,900

33. The Budget for 1907-1908 shows a total decrease of about 89 lakhs (£594,000) as compared with the Budget for 1906-1907. There is a decrease of $117\frac{1}{2}$ lakhs (£783,000) in Special expenditure, partly counterbalanced by an increase of nearly $28\frac{1}{2}$ lakhs (£189,000) under Ordinary. The latter is accounted for by the increases in Army and Military Works charges explained above.

34. It may be noted that the principal sub-heads of *Army Expenditure in India*, known technically as "grants," are as follows in the order of their financial importance, the amounts provided under each for 1907-1908 being given to the nearest lakh of rupees :—

1. Regimental pay and allowances (Grant 3)	10,76
2. Supply and Transport (Grant 4)	4,91
3. Ordnance establishments, stores and camp equipment (Grant 10)	1,50
4. Pensions and other non-effective charges (Grants 16—20)	1,01
5. Medical establishments, supplies and services (Grant 9)	90
6. Army and Garrison staff (mainly the cost of establishments at Army Head-Quarters and of Commands, Divisions and Brigades) (Grant 1)	63
7. Remount and Veterinary establishments, supplies and services (Grant 5)	60
8. Clothing establishments, supplies and services (Grant 6)	33
9. Miscellaneous services (Grant 14)	28
10. Volunteer Corps (Grant 15)	26
11. Military Accounts Department, in which is also included the cost of the Military personal staff of the Viceroy, Provincial Governors and Lieutenant-Governors (Grant 2)	23

The existing system of distribution by grants is, however, not as satisfactory as it might be, as it does not bring out with sufficient clearness the administrative character of the expenditure involved: for example, Grant 4, Supply and Transport, includes a number of charges with which the Supply and Transport Corps has nothing to do. Measures are now being taken for revising the grants so as to make these correspond more clearly with the financial responsibilities of the spending departments and the Divisions of Army Head-Quarters.

D.—MILITARY RECEIPTS.

35. The following statements compare the receipts taken in the Budget of 1907-1908 with those of the Budget and Revised Estimates of the current year :—

	Budget, 1906-1907.	Revised, 1906-1907.	Budget, 1907-1908.
	₹	₹	₹
Army	1,59,68,000	1,67,30,000	1,59,57,000
Marine	21,45,000	19,16,000	10,26,000
Military Works	7,10,000	7,50,000	7,32,000
TOTAL	1,88,23,000	1,93,96,000	1,77,15,000
	£	£	£
Army	1,064,500	1,115,300	1,063,800
Marine	143,000	127,700	68,400
Military Works	47,300	50,000	48,800
TOTAL	1,254,800	1,293,000	1,181,000

36. As compared with the current year's budget, the only noticeable variation is under *Marine*, which shows a decrease of more than 11 lakhs (£74,000), due mainly to the change in accounting referred to in paragraph 27, *supra*.

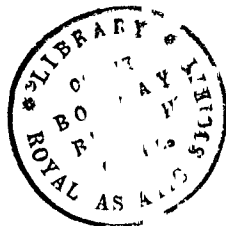
E.—NET MILITARY EXPENDITURE.

37. The following figures show the aggregate net military expenditure under all heads estimated for in the current year as compared with the Budget and Revised Estimate figures for 1906-1907:—

	Budget, 1906-1907.	Revised, 1906-1907.	Budget, 1907-1908.
	₹	₹	₹
Gross expenditure .	32,76,25,000	32,55,81,000	31,87,18,000
Receipts .	1,88,23,000	1,93,96,000	1,77,15,000
Net expenditure .	30,88,02,000	30,61,85,000	30,10,03,000
	£	£	£
Gross expenditure .	21,841,600	21,705,300	21,247,900
Receipts .	1,254,800	1,293,000	1,181,000
Net expenditure .	20,586,800	20,412,300	20,066,900

W. S. MEYER.

CALCUTTA :
The 20th March 1907.



APPENDIX III.

Memorandum by the Railway Board

ON THE

Results of Indian Railway Working 1906-1907 and Proposals for 1907-1908.

CAPITAL EXPENDITURE.

The capital expenditure during the year 1906-1907 will amount to R14,61,16,000 (£9,741,100) being nearly a crore in excess of the expenditure for the year 1905-1906.

2. The expenditure in 1905-1906 includes a sum of approximately 114½ lakhs advanced to the Delhi-Umballa-Kalka Railway Company for the construction of the Kalka-Simla railway, and adjusted against the head "48—State Railways, Construction" on purchase of the railway from the Company by Government. Excluding this special item, the increase over the expenditure in 1905-1906 will be nearly 2¼ crores.

3. For the year 1907-1908 these figures have been greatly reduced. The estimate provides for spending a sum of 13½ crores (£9,000,000), a reduction of 10 per cent. on the provision of last year.

4. Under the head of lines already open, including the provision for additional rolling stock, the amount expended in 1906-1907 will be 919¼ lakhs (£6,129,300), showing an advance of about 151 lakhs over the expenditure under the same head for the previous year. Under the same heads in 1907-1908 provision is made for 1,013¼ lakhs (£6,755,000), an increase of about 10 per cent.

5. A comparison showing capital expenditure for 1907-1908 and the previous five years is contained in the following statement :—

	Lines already open, including additional rolling stock.	LINES UNDER CONSTRUCTION.		Total.	Equivalent in sterling.
		Started in previous years.	Started in current year.		
	Lakhs.	Lakhs.	Lakhs.	Lakhs.	£
1902-1903 (actual expenditure)	4,81.74	4,52.50	71.52	10,05.76	6,705,064
1903-1904 (" ")	5,58.77	3,13.68	84.62	9,57.07	6,380,468
1904-1905 (" ")	5,02.76	4,86.91	88.62	10,78.29	7,188,600
1905-1906 (" ")	7,68.19	5,49.46	32.26	13,49.91	8,999,430
1906-1907 (latest grants)	9,19.39	5,10.20	31.57	14,61.16	9,741,100
1907-1908 (proposed grants)	10,13.24	3,36.76	...	13,50.00	9,000,000

6. The information showing in detail how the expenditure in 1906-1907 and 1907-1908 will be distributed is contained in statement A attached to this memorandum.

The programme for 1907-1908 as originally framed contemplated an outlay of R15 crores. Financial considerations, however, necessitated its reduction to R12 crores, for which figure it received Secretary of State's sanction. It was subsequently increased by R1½ crores and now stands at R13½ crores.

7. The mileage of lines of all gauges open to traffic on 1st April 1906 was 28,611 and under construction 2,534; on 1st April 1907 there will be 29,571 open and 2,535 under construction. At the end of the coming year there will be 1,703 miles under construction.

RAILWAY REVENUE ACCOUNT.

8. The Railways of India, taken as a whole, have for a succession of years shown a balance to the credit of general revenues, after allowing for working expenses, interest on capital expended, charges for annuities in redemption of capital and miscellaneous railway expenditure. The following table shows the approximate figures for 1906-1907 compared with the actual results for the previous five years :—

[Figures in rupees, omitting 000.]

	Gross receipts.	Working expenses	Interest charges, etc.	Surplus of Revenue over expenditure.	Equivalent in sterling.
	R	R	R	R	£
<i>Actuals—</i>					
1901-1902 . . .	30,33,90	14,23,85	14,83,06	1,26,99	846,600
1902-1903 . . .	30,20,08	14,74,08	15,11,66	34,34	228,900
1903-1904 . . .	32,33,68	15,56,72	15,47,86	1,29,10	860,700
1904-1905 . . .	36,03,37	16,94,32	15,93,23	3,15,82	2,105,500
1905-1906 . . .	36,89,12	*16,95,16	16,93,67	3,00,29	2,001,900
<i>Estimate—</i>					
1906-1907 . . .	39,71,89	19,14,29	17,33,96	3,23,64	2,157,800

* NOTE.—The figures to end of 1904-1905 include the Companies' shares of surplus profits, now shown under interest charges, etc.

Compared with the results of the previous year the figures for 1906-1907 show an improvement of R23,35,000 (£155,900). The receipts are more by 2,82,77,000 (£1,885,200), the working expenses are higher by R2,19,13,000 (£1,460,900), while interest charges, etc., have increased by R40,29,000 (£268,400).

GROSS RECEIPTS.

9. In 1905-1906 the gross receipts of railways showed a large improvement over those of the previous year consequent on the opening of new lines, development of passenger traffic on existing lines, and larger movements of food grains as a result of scarcity in Guzerat, Kathiawar, Central India and certain districts in the Madras and Bombay Presidencies. The improvement was general on all railways with the exception of the North Western railway, on which there was a falling-off of over 60 lakhs due mainly to short exports of wheat to Europe owing to the uncertainty as to the prospects of the wheat crops of 1906-1907.

10. In the current year while there has been a set-back in the earnings of the Great Indian Peninsula railway due to a falling-off in traffic in raw cotton, wheat and other grains, the earnings from other railways have continued to expand, notably under goods traffic of the East Indian railway, and in jute and grain traffic on the Eastern Bengal State railway, the latter being the result of scarcity in Eastern Bengal. The earnings of the Indian Midland railway also show a phenomenal increase due to large movements of food grains and other merchandise, while those of the North Western railway are expected to reach practically the same figures as were obtained in 1904-1905.

• 11. The more important increases are :—

	R
East Indian	38,69,000
Eastern Bengal State	40,01,000
Indian Midland	24,22,000
North Western	61,88,000

The principal decrease being :—

Great Indian Peninsula	19,22,000
----------------------------------	-----------

WORKING EXPENSES.

12. The increase in working expenses during the year 1906-1907 is estimated to amount to Rs. 2,19,13,000 (£1,460,900). This increase to a large extent is due to increased traffic on certain lines of which the North-Western, Eastern Bengal State and Indian Midland railways are the most prominent examples.

These three lines will have earned more than a crore and a quarter of rupees (£833,300) in excess of their earnings during the previous year, and this increase in earnings necessitates increased working expenses.

13. That working expenses would tend to increase was indicated by the Railway Board in their memorandum of last year. The reasons that were given for their opinion apply now as when written a year ago.

14. Railways in India have now to run faster trains, provide better carriages, improve the conditions under which third class passengers are carried, introduce a more elaborate system of signalling, and generally conduct their business under more up-to-date methods than were in use in the past.

15. Some of these improvements will lead to increased revenue. Some will not, but have to be provided to meet the public demands.

16. The cost of many of these improvements being in the nature of renewals has to fall to a considerable extent on revenue.

17. During the period this raising of the standard is being carried out working expenses must rise, though in the end, under some items, more economical working should be secured.

18. To enable railways to carry the heavy traffic offering the permanent-way has to be improved and girders strengthened. Most lines now when making branches wish to use their light main line rails in these branches and renew the main line with heavier rails.

19. This is a sound business arrangement, but carrying out the policy indicated means that revenue has to renew before the rail itself is nearly worn out. The result is increased debits to revenue for a time, causing increased working expenses. The Board hope that a practical solution may be found to meet this difficulty, so that working expenses may be steadied and not liable to unnecessary fluctuations.

NEW LINES TO BE CONSTRUCTED.

20. Owing to the reduction in the programme, the heavy demands on account of open lines, and the large mileage of lines at present under construction, no expenditure on new lines is proposed during the year 1907-1908.

• OPEN LINE REQUIREMENTS.

21. The total amount allotted during 1907-1908 to open lines, viz., 1,013½ lakhs (£6,755,000) out of a total for the year of 1,350 lakhs (£9,000,000), has been divided between general open line requirements and additional rolling stock requirements approximately as follows :—

	Lakhs.
	R
1907-1908 { Open line requirements	445½
{ Rolling stock	568

This shows a decrease of 64 lakhs under open line requirements and an increase of 186 lakhs under rolling stock, in comparison with the provision made under these heads in 1906-1907, the figures for which were as follows :—

							Lakhs.
1906-1907	{	Open line requirements	.	.	.	.	509
		Rolling stock	.	.	.	.	382

ROLLING STOCK.

22. In their memorandum on the Budget last year, the Railway Board definitely stated that the then standard of equipment of Indian Railways in the matter of rolling stock was below the requirements. Acting on this opinion they made the very large provision of 382 lakhs, to be spent for rolling stock during the year 1906-1907, and this money has all been spent. The sum of 382 lakhs represents in sterling about $2\frac{1}{2}$ million pounds and was $\frac{3}{4}$ of a million pounds sterling more than the allotment provided for 1905-1906.

23. For the ensuing year 1907-1908, they have made a provision of 568 lakhs or about $3\frac{3}{4}$ million sterling for rolling stock, which provision has met in full the demands of all railways for grants for rolling stock for that year.

This increased provision of rolling stock, coupled as it is with the necessity for providing additional sums for open line works, to enable the increased stock to be worked efficiently, has exhausted the funds at the Board's disposal, with the result that no new lines can be put in hand, until next year at the earliest.

24. The Railway Board are as fully aware, as the public are, of the urgent necessity for more rolling stock, and have consistently done as much as they were able, with the funds placed at their disposal.

COMMUNICATION BETWEEN PASSENGERS AND GUARD OF A TRAIN.

25. The provision of an effective means of communication between passengers and the guard being a matter that seriously affects the safety of the travelling public, orders were issued by the Railway Board for the adoption on all railways in India of the type of communication now in general use in England. The North Western, Oudh and Rohilkhand and Eastern Bengal State railways were instructed to at once provide this means of communication on new and rebuilt stock, and to fit the communication to the existing stock of all classes as rapidly as possible. The work of fitting the existing carriages of Companies' railways is, with certain exceptions, required to be completed within two years from the date of the order.

GENERAL.

26. In order to encourage imports into tracts suffering from fodder famine the administration of the North Western railway was instructed to help the movement of *bhusa* from the Punjab, and specially from the canal colonies, by quoting low rates. Rates were accordingly reduced by them, and the Oudh and Rohilkhand, East Indian, Bombay, Baroda and Central India, Jodhpur-Bikaner and Gwalior Light railways followed suit. These reductions resulted in great benefit to the famine-stricken tracts.

27. Attention is invited to statements B and C attached to this memorandum which contain information of interest.

F. R. UPCOTT,
Chairman.

W. H. WOOD,
Member.

T. R. WYNNE,
Member.

The 16th March 1907.

STATEMENT A IN APPENDIX III.

STATEMENT

OF

Anticipated Capital Expenditure on Railways, Open and under Construction,
for the year 1907-1908.

Branch lines under rebate terms are excluded.

FINANCIAL STATEMENT OF THE CAPITAL EXPENDITURE ON RAILWAYS, 1907-1908.

(Figures in lakhs and decimals of lakhs.)

No.	RAILWAY.	Grants allotted for 1906-1907.	Distribution of grants during 1907-1908.
A.—OPEN LINES.			
I. (i)—STATE, BY STATE AGENCY.		R	A
Eastern Bengal—			
1	Main line	58'13	91'79
2	Murshidabad branch		
3	Kaunia-Bonarpara		
4	Jodhpur-Hyderabad (British section)	0'14	—0'18
North Western—			
5	Main line	184'16	159'27
6	Jech-Doab (Southern section)	7'09	1'18
7	Kalka-Simla	45'94	5'07
8	Rohri-Samasata, doubling	39'34	13'65
9	Shahdara-Sangla	8'01	2'65
Oudh and Rohilkhand—			
10	Main line	26'04	32'08
11	Allahabad-Jaunpur	4'50	1'66
12	Warora Colliery	—1'68	...
13	Reserve	...	163'42
Total Open Lines, State, by State Agency		374'44	470'59
I. (ii)—STATE, BY AGENCY OF COMPANIES.			
14	Assam-Bengal	25'15	25'04
Bengal and North-Western—			
15	Tirhoot	22'25	16'96
16	Sakri-Jainagar		
Bombay, Baroda and Central India—			
17	Main line	15'39	15'03
18	Palanpur-Deesa	0'02	...
19	Rajputana-Malwa	35'41	27'23
20	Rewari-Phulera	3'60	0'24
East Indian—			
21	Main line	160'10	102'45
22	Agra Junction-Belinganj	10'00	3'01
Great Indian Peninsula—			
23	Main line	49'54	94'18
24	Agra-Delhi chord	4'04	2'25
25	Bhopal-Itarsi (British section), ...	0'91	1'70
Madras—			
26	Nilgiri	0'53	1'20
27	North-East line	6'80	14'52
Nizam's Guaranteed State—			
28	Bezwada extension	0'03	0'03
Carried over		334'37	305'40

CAPITAL EXPENDITURE ON RAILWAYS, 1907-1908—*concl.*

(Figures in lakhs and decimals of lakhs.)

No.	RAILWAY.	Grants allotted for 1906-1907.	Distribution of grants during 1907-1908.
	Brought forward .	₹ 334'37	₹ 305'40
	A.—OPEN LINES—<i>concl.</i>		
	I. (ii)—STATE, BY AGENCY OF COMPANIES—<i>concl.</i>		
	South Indian—		
29	Main line	27'00	28'25
30	Travancore branch (Native State section)	0'03	0'20
31	„ „ (British section)	0'20	0'20
	Southern Mahratta—		
32	Guntakal-Mysore Frontier	0'05	0'10
	Total Open Lines, State, by Agency of Companies .	361'65	334'15
	II.—FROM CAPITAL OF OLD GUARANTEED COMPANIES.		
	Madras—		
33	Main line	22'92	26'70
34	Calicut-Azhikal	12	0'40
35	Bombay, Baroda and Central India	11	...
	Total Open Lines, Old Guaranteed Companies .	23'15	27'10
	III.—FROM CAPITAL OF COMPANIES OTHER THAN OLD GUARANTEED COMPANIES.		
	Bengal-Nagpur—		
36	Main line	89'91	97'1
37	Midnapur-Jherriah		90'18
38	Satpura (Jubbulpur-Gondia)		
39	Sini-Midnapur-Cuttack-Calcutta		
	Burma—		
40	Main line	45'02	42'60
	Great Indian Peninsula—		
41	Indian Midland	12'44	24'91
	Rohilkund and Kumaon—		
42	Lucknow-Bareilly	2'18	4'55
	Southern Mahratta—		
43	Main line	7'74	9'15
44	Mysore Section	2'82	...
	Total Open Lines, other Companies .	160'11	181'10
	IV.—FROM CAPITAL OF BRANCH LINE COMPANIES WITH FIRM GUARANTEE.		
45	Hardwar-Dehra	0'04	0'30
	Total Open Lines, Branch Line Companies .	0'04	0'30

FINANCIAL STATEMENT OF THE CAPITAL EXPENDITURE ON RAILWAYS, 1907-1908—*contd.*

(Figures in lakhs and decimals of lakhs.)

No.	RAILWAY.	Length.	Amount of estimate or approximate cost.	Outlay to end of 1905-1906.	Grants allotted during 1906-1907.	Distribution of grants during 1907-1908.	
		Miles.	₹	₹	₹	₹	
B.—CONSTRUCTION OF LINES.							
I. (i)—STATE, BY STATE AGENCY.							
Lines in Progress.							
46	Coonoor-Ootacamund	12	24'40	9'07	6'58	4'50	
Eastern Bengal—							
47	Forbesganj-Nepal Frontier	6'5	2'22	0'65	1'07	0'17	
48	Golakganj-Gauhati	151	93'26	54'81	29'40	20'02	
49	Katihar-Godagari	105	104'86	36'60	35'50	18'00	
Nagda-Muttra—							
50	Main line	344	298'11	82'39	137'00	67'00	
51	Baran-Kotah	40	37'59	1'07	19'00	13'00	
North-Western—							
52	Khushalgarh-Kohat conversion and Indus Bridge	34	31'92	11'16	11'19	5'32	
53	Kohat-Thal conversion	57	30'32	}	4'42	2'00	
54	Thal-Parachinar	59'6	85'22				
55	Lodhran-Khanewal	56	45'15		7'80	15'72	
56	Loi-Shilman	38	100'00	8'70	21'79	6'00	
57	Shorkot Road-Chichoki	131	81'34	...	4'45	17'28	
58	Quetta-Nushki	83	90'06	85'12	2'46	...	
TOTAL		...	1,024'45	289'57	280'66	169'01	
I. (ii)—STATE, BY AGENCY OF COMPANIES.							
Lines in Progress.							
Assam Bengal—							
59	Akhaura-Bhairab Bazar	19	14'30	1'79	1'84	4'05	
60	Kalaura-Khooseara	16	7'80	...	0'29	4'09	
Bengal and North-Western—							
61	Tirhoot extensions	209	117'43	92'96	23'50	10'38	
Burma—							
62	Daga Loop	66	40'05	...	} 52'82	{ 9'00	
63	Henzada-Kyangin	66	54'59	18'64			{ 3'45
64	Pegu-Moulmein	122	112'88	65'65			
East Indian—							
65	Bhagalpur-Bausi	31	23'31	1'87	3'00	} 37'73	
66	Gya-Hariharpur	100	144'69	} 192'16	15'00		
67	Hariharpur-Barakar	48	74'54		6'00		
68	Hooghly-Katwa	65	58'46	1'45	5'00		
69	Khurja-Hapur	39	25'98	13'19	14'00		
70	Katwa-Barharwa	103	86'37	...	0'70		
71	Ondal-Sainthia	45	43'55	37'15	6'20		
Great Indian Peninsula—							
72	Harbour Branch	8	45'61	6'98	8'67	9'77	
73	Warora-Bellarpur	38	31'94	16'07	14'13	1'50	
Carried over		...	881'50	447'91	151'15	101'02	

CAPITAL EXPENDITURE ON RAILWAYS, 1907-1908—*contd.*

(Figures in lakhs and decimals of lakhs.)

No.	RAILWAY.	Length.	Amount of estimate or approximate cost.	Outlay to end of 1905-1906.	Grants allotted during 1906-1907.	Distribution of grants during 1907-1908.
		Miles.	₹	₹	₹	₹
	Brought forward .		881'50	447'91	151'15	101'02
	B.—CONSTRUCTION OF LINES— <i>concl'd.</i>					
	I. (ii)—STATE, BY AGENCY OF COMPANIES— <i>concl'd.</i>					
	Lines in Progress— <i>concl'd.</i>					
	Madras—					
74	Azhikal-Mangalore	77	129'05	106'21	20'30	3'49
	Southern Mahratta—					
75	Dhone-Kurnool (section of Hyderabad-Guntakal, No. 58) .	32	11'32	...	1'00	4'00
	South Indian—					
76	Rameswaram Extension	12	35'19	4'90	'91	...
	TOTAL .	...	1,057'06	559'02	173'36	108'51
	II.—FROM CAPITAL OF OLD GUARANTEED COMPANIES .	...	...	...	...	...
	III.—FROM CAPITAL OF COMPANIES OTHER THAN OLD GUARANTEED COMPANIES.					
	Lines in Progress.					
	Bengal-Nagpur—					
77	Gondia-Chanda	223	109'39	3'33	41'61	25'50
78	Kampti-Ramtek	17	7'42	...	4'37	1'74
79	Nainpur-Mandla	32	11'55	...	1'17	5'00
80	Pench Valley	29	16'53	8'93	2'30	0'50
81	Purulia-Ranchi	72	39'83	2'66	21'43	10'50
82	Raipur-Vizianagram	311	250'42	...	7'37	10'00
	TOTAL .	...	435'14	14'92	78'25	53'24
	IV.—FROM CAPITAL OF BRANCH LINE COMPANIES WITH FIRM GUARANTEE	...	...	...	...	...
	V.—FROM CAPITAL OF LOCAL BOARDS.					
	Lines in Progress.					
83	Bezwada-Masulipatam	50	22'93	4'00	9'50	6'00
	TOTAL .	...	...	...	14,61'16	13,50'00

FINANCIAL STATEMENT OF THE CAPITAL EXPENDITURE ON RAILWAYS, 1907-1908—concl'd.

(Figures in lakhs and decimals of lakhs.)

No.	RAILWAY.	Distribution of grants for 1907-1908.	
	ABSTRACT BY OPEN LINES AND CONSTRUCTION.	₹	₹
	A.—CAPITAL FOR OPEN LINES.		
	I. (i) State, by State agency	470'59	
	I. (ii) State, by agency of Companies	334'15	
	II. Old Guaranteed Companies	27'10	
	III. Other Companies	181'10	
	IV. Branch Line Companies	0'30	
	TOTAL OPEN LINES		10,13'24
	B.—CAPITAL FOR LINES IN PROGRESS AND NEW LINES.		
	I. (i) State, by State agency	169'01	
	I. (ii) State, by agency of Companies	108'51	
	II. Old Guaranteed Companies	...	
	III. Other Companies	53'24	
	IV. Branch Line Companies	...	
	V. Local Boards	6'00	
	TOTAL LINES IN PROGRESS AND NEW LINES		336'76
	GRAND TOTAL		13,50'00
	ABSTRACT SHOWING DISTRIBUTION BY FUNDS.		
I.—From Imperial Funds.	(i) State, by State agency	470'59	
	(b) Construction	169'01	
	Total (i)		639'60
	(ii) State, by agency of Companies	334'15	
	(b) Construction	108'51	
	Total (ii)		442'66
	TOTAL I		10,82'26
	II.—From Capital of old Guaranteed Companies. { (a) Open Lines	27'10	
	(b) Construction	...	
	TOTAL II		27'10
III.—From Capital of Companies other than old Guaranteed Companies.	(a) Open Lines	181'10	
	(b) Construction	53'24	
	TOTAL III		234'34
IV.—From Capital of Branch Line Companies with firm Guarantee.	(a) Open Lines	0'30	
	(b) Construction	...	
	TOTAL IV		0'30
V.—From Capital of Local Boards	(a) Open Lines	...	
	(b) Construction	6'00	
	TOTAL V		6'00
TOTAL, I TO V	(a) Open Lines	10,13'24	
	(b) Construction	336'76	
	GRAND TOTAL	13,50'00	13,50'00

STATEMENT B IN APPENDIX III.

Statement showing proposed lines which are under negotiation for construction by private Companies.

No.	NAME OF RAILWAY.	Length.	Estimated cost.
		Miles.	R
<i>Bombay—</i>			
1	Dholka-Dhandhuka-Ranpur	58	Not stated.
2	Idar Road to Bramhakhed	32	Do.
3	Mirpur Khas -Jhudo	46	(a)
<i>Bombay and Hyderabad (Nizam's)—</i>			
4	Tadwale to atur	37	Not stated.
<i>Eastern Bengal and Assam—</i>			
5	Mymensingh <i>via</i> Netrokona to Bara-Ari, with branch from Shambhuganj to Gauripur	36	22,16,000
6	Singhjani <i>via</i> Sherpur to Nali-tabari	25	12,39,000
7	Sirajganj-Ullapara	18	11,00,000
<i>Madras—</i>			
8	Tinnevely-Tiruchendur	38	20,52,000
<i>Punjab—</i>			
9	Rawalpindi-Murree, with extensions to Kuldana and Gharial	40	36,89,000
<i>Punjab and Rajputana—</i>			
10	Borawar-Hissar	180	33,07,790

(a) £55,000 (or Rs. 8,25,000 at Rs. 15=£1) is proposed to be raised for the construction of this line.



STATEMENT C IN APPENDIX III.
Memorandum on the Construction of Railways.

Open lines on 1st April 1906.

	Miles.	Miles.
(i) { Eastern Bengal	497.95	4,931.85
North Western	(a) 3,268.85	
Oudh and Rohilkhand	(b) 1,165.05	
(ii) { Agra-Delhi Chord (c)	125.81	7,363.02
Bengal-Nagpur	1,689.76	
Bezawada Extension (d)	20.58	
Bhopal-Itarsi (British section) (e)	13.11	
Bombay, Baroda and Central India	(e) 504.35	
East Indian	1,999.79	
Godhra-Rutlam-Nagda (f)	141.14	
Great Indian Peninsula	1,561.63	
Indian Midland (g)	809.66	
Madras (North-East line) (g)	(h) 497.19	
(iii) Madras	...	904.01
(iv) Hardwar-Dehra (i)	...	32.04
South Behar (j)	78.76	
(v) { Southern Punjab (k)	425.33	814.07
Southern Punjab (Ludhiana) Extension (k)	154.50	
Tapti Valley (l)	155.48	
(vi) { A. Delhi-Umballa-Kalka (j)	...	162.36
B. Tarkessur (j)	...	22.23
(vii) { Bhopal-Itarsi (Native State section) (e)	44.28	711.33
Bhopal-Ujjain (e)	113.27	
Bina-Goonna-Baran (e)	145.63	
Kolar Gold-fields (g)	9.88	
Nagda-Ujjain (f)	34.32	
Nizam's Guaranteed State	330.14	
Petlad-Cambay (Anand-Tarapur section) (f)	21.50	
Petlad-Cambay (Tarapur-Cambay section) (f)	12.31	
(viii) { Jammu and Kashmir (Native State section) (k)	15.98	201.69
Ludhiana-Dhuri-Jakhal (k)	78.66	
Rajputana-Bhatinda (k)	107.05	
(viii) { Cawnpore-Burhwal (Metre gauge link)	(i) 79.60	852.38
Eastern Bengal—	...	
Behar, Kaunia-Dhubri and Northern sections	...	
(including the British section of the Santrabari	...	
extension and the Ranaghat-Krishnagar and	...	
Teesla-Kurigram branches)	686.86	
Dacca section	85.92	
Assam Bengal	775.28	
Bellary-Rayadrug (m)	33.35	
Burma	1,340.15	
Guntakal-Mysore frontier (m)	119.50	
Hospet-Kottur (m)	43.06	
Jodhpur-Hyderabad (British section) (n)	123.98	
Lucknow-Bareilly (o)	237.04	
(ix) { Mysore section (Southern Mahratta) (m)	296.22	7,614.00
Nilgiri (g)	16.99	
Palampur-Deesa (f)	17.28	
Rajputana-Malwa (f)	(p) 1,782.38	
South Indian	1,123.05	
Southern Mahratta	1,042.04	
Tinnevely-Quilon (Travancore) (British section) (g)	50.48	
Tirhoot (r)	613.20	
(x) { Tanjore District Board (q)	...	99.46
Ahmedabad-Dholka (f)	33.50	
(xi) { Ahmedabad-Parantij (f)	54.70	138.89
Mymensingh-Jamalpur-Jagannathganj (j)	50.69	
(xii) { A. Rohilkund and Kumaon	...	109.92
B. Dibru-Sadiya	...	77.50
C. Bengal-Dooars	...	36.40
D. Bengal and North-Western	...	
Bengal Dooars Extensions	923.86	
Deoghur	116.53	
(xiii) { Ledo and Tikak-Margherita (j)	4.79	8.50
Bhavnagar-Gondal-Junagad-Portbandar	...	
Bikaner	(u) 234.19	
Dhrangadra (v)	245.35	
Jamnagar (v)	20.83	
(xiv) { Jetalpur-Rajkot (v)	(w) 54.22	1,326.63
Jodhpur	46.21	
Morvi	463.89	
Udaipur-Chitor	(x) 94.64	
Birur-Shimoga (m)	67.30	
Gaekwar's Mehsana (f)	37.92	
Hindupur (Yesvantpur-Mysore frontier) (m)	92.63	
Hyderabad-Godavari Valley (d)	51.35	
Jalpur (f)	391.13	
Kolhapur (m)	32.18	
Mysore-Nanjangud (m)	29.27	
Shoranur-Cochin (g)	15.80	
Tinnevely-Quilon (Travancore) (Native State	...	
section) (g)	64.75	
Vijapur-Kalol-Kadi (f)	57.98	
(xv) { Karaikkal-Peralam (q)	41.37	73.60
Pondicherry (q)	14.65	
West of India Portuguese (m)	7.85	
Dandot Light (2' 0") (k)	6.18	
(xvi) { Jorhat (2' 0")	30.25	168.1
Khushalgarh-Kohat-Thal (2' 6") (k)	91.73	
Nowshera-Durgai (2' 6") (k)	40.25	
Jubbulpore-Gondia Extension (2' 6") (y)	245.05	
Kalka-Simla (2' 6")	59.44	
(xvii) { Morappur-Dharm-puri (2' 6") (g)	18.14	404.25
Raipur-Dhamtari (2' 6") (y)	56.24	
Tirupattur-Krishnagiri (2' 6") (g)	25.38	
(xviii) { Darjeeling-Himalayan (2' 6")	51.00	58.76
Thatoon-Duyinzaik (2' 6")	7.76	
Baraset-Basirhat Light (2' 6")	26.06	
Bukhtiarpur-Bihar Light (2' 6")	18.50	
(xix) { Howrah-Amra Light (2' 0")	37.19	121.60
Howrah-Sheakhala Light (2' 0")	19.75	
Tezpur-Bailpara Light (2' 6")	20.10	
(xx) { Barsi Light (2' 6")	27.93	67.43
Powayan Light (2' 6") (o)	39.50	
Tarakeshwar-Magra Light (2' 6")	...	33.27
(xxi) { A. Cutch (2' 6")	...	11.86
Gaekwar's Dabhoi (2' 6") (f)	94.49	
Gwalior Light (2' 0") (c)	183.53	
(xxii) { M. urbhani (2' 6") (y)	32.41	372.42
Parlakimedi Light (2' 6") (y)	24.62	
Rajpipla (2' 6") (f)	37.37	
C. Cooch Behar (2' 6") (x)	...	33.60

- (a) Includes 5.61 miles of military line not used for public traffic and 26.28 miles of mixed (5' 6" and 3' 3 3/8") gauge line between Bhatinda and Kot Kapura, worked over by the North Western State and Rajputana-Malwa railways.
- (b) Includes 10.79 miles of mixed (5' 6" and 3' 3 3/8") gauge line between Burhwal and Bara Banki, 0.59 mile on the Cawnpore Bridge and 1.81 mile of 3' 3 3/8" gauge line between the Oudh and Rohilkhand State Railway Cantonment and the Pungal and North-Western Railway City stations at Penares.
- (c) Worked by the Great Indian Peninsula Railway Company.
- (d) Worked by His Highness the Nizam's Guaranteed State Railways Company.
- (e) Includes 39.23 miles of 3' 3 3/8" gauge line between Viramgam and Washwan.
- (f) Worked by the Bombay, Baroda and Central India Railway Company.
- (g) Worked by the Madras Railway Company.
- (h) Includes 1.40 mile of mixed (5' 6" and 3' 3 3/8") gauge line between Bezawada and Kistna Block hut and 1.07 mile of 3' 3 3/8" gauge line between Kistna Block hut and Tadepalli.
- (i) Worked by the Oudh and Rohilkhand State railway.
- (j) Worked by the East Indian Railway Company.
- (k) Worked by the North Western State railway.

At the commencement of 1906-1907, i.e., on the 1st April 1906, the total length of railways open for traffic was 28,611.07 miles, made up as follows:—

5' 6" gauge—	Miles.	Miles.
(i) State lines worked by the State	4,931.85	
(ii) State lines worked by companies	7,363.02	
(iii) Companies' lines guaranteed by Government under the old contracts	904.01	
(iv) Companies' lines guaranteed by Government under modern contracts	32.04	
(v) Branch line companies' railways assisted by Government under "Rebate" terms	814.07	
(vi) Assisted companies' lines—		
A. Subsidized by the Government of India	162.36	
B. Receiving land only from Government	22.23	
	184.59	
(vii) Native State lines—		
A. Worked by companies	711.33	
B. Worked by State railway agency	201.69	
	913.02	
3' 3 3/8" gauge—		15,142.60
(viii) State lines worked by the State	852.38	
(ix) State lines worked by companies	7,614.00	
(x) District Boards' lines	99.46	
(xi) Branch line companies' railways assisted by Government under "Rebate" terms	138.89	
(xii) Assisted companies' lines—		
A. Subsidized by the Government of India	109.92	
B. Subsidized by Local Governments	77.50	
C. Subsidized by District Boards	36.40	
D. Receiving land only from Government	1,045.21	
	1,269.03	
(xiii) Unassisted companies' lines	8.50	
(xiv) Native State lines—		
A. Worked by Native States	1,326.63	
B. Worked by companies	814.38	
	2,141.01	
(xv) Lines in Foreign Territory	73.60	
	12,196.87	
Special (2' 6" and 2' 0") gauges—		
(xvi) State lines worked by the State	168.41	
(xvii) State lines worked by companies	404.25	
(xviii) Assisted companies' lines—		
A. Subsidized by Local Governments	58.76	
B. Subsidized by District Boards	121.60	
C. Receiving land only from Government	67.43	
	247.79	
(xix) Unassisted companies' lines	33.27	
(xx) Native State lines—		
A. Worked by Native States	11.86	
B. Worked by companies	372.42	
C. Worked by State railway agency	33.60	
	417.88	
TOTAL	28,611	

- (i) Excludes 3.66 miles of the Lucknow-Bareilly railway between Aishbagh and Daliganj, worked over, but includes 16.79 miles of mixed (5' 6" and 3' 3 3/8") gauge line between Burhwal and Bara Banki and 0.59 mile of the Oudh and Rohilkhand State railway on the Cawnpore bridge.
- (m) Worked by the Southern Mahratta Railway Company.
- (n) Worked by the Jodhpur-Bikaner railway.
- (o) Worked by the Rohilkund and Kumaon Railway Company.
- (p) Includes 2.10 miles at Ujjain, 3.07 miles between Agra Cantonment and Jumna East Bank and 0.94 mile between Lahori Gate Cabin and Brewery Cabin, Delhi, laid on the 5' 6" gauge, and 26.28 miles of mixed (5' 6" and 3' 3 3/8") gauge line between Kot Kapura and Bhatinda, worked over by the Rajputana-Malwa and North Western State railways.
- (q) Worked by the South Indian Railway Company.
- (r) Worked by the Bengal and North-Western Railway Company.
- (s) Worked by the Eastern Bengal State railway.
- (t) Worked by the Assam Railways and Trading Company.
- (u) Includes 5.23 miles of Bhavnagar Dock estates and Junagad quarry lines.
- (v) Worked by the Bhavnagar-Gondal-Junagad-Portbandar railway.
- (w) Includes 3.03 miles of the Padi Bandar Dock estate lines.
- (x) Includes 20.70 miles of 2' 6" gauge line between Vankaner and Morvi.
- (y) Worked by the Bengal-Nagpur Railway Company.

And the mileage under construction or sanctioned for construction on the same date, was 3,304·98 miles, as follows :—

	Miles.	Miles.
5' 6" gauge—		
(i) State lines worked by the State	690·56	
(ii) State lines worked by companies	916·22	
(iii) Branch line companies' railways assisted by Government under "Rebate" terms	26·85	
		1,633·63

3' 3½" gauge—	
(iv) State lines worked by the State	227·37
(v) State lines worked by companies	425·38
(vi) District Boards' lines	49·50
(vii) Assisted companies' lines—	
A. Subsidized by the Government of India	92·00
B. Subsidized by Local Governments	8·50
C. Receiving land only from Government	95·23
	195·73
(viii) Native State lines worked by companies	82·78
	980·76

Special (2' 6" and 2' 0") gauges—	
(ix) State lines worked by the State	6·80
(x) State lines worked by companies	329·66
(xi) Assisted companies' lines—	
A. Subsidized by District Boards	12·50
B. Receiving land only from Government	208·32
	220·82
(xii) Native State lines—	
A. Worked by Native States	44·63
B. Worked by companies	66·66
C. Worked by State railway agency	22·02
	133·31
	690·59
TOTAL	3,304·98

There was thus a grand total of railways completed and in hand, on the 1st April 1906, of miles 31,916·05

Lines under construction and sanctioned on 31st March 1906.

	Miles.	Miles.	Miles.
(i) Eastern Bengal—			
Kakugachi Chord	2·25		
Lalgola to Lalgola Ghât	2·75		
Panchooria to the Ganges river (a)	6·00	11·00	
(ii) Nagda-Muttra—			
Kotah to Baran	40·00	333·98	
Nagda to Muttra	243·98		
(iii) North Western—			
Kacha Garhi to mile 23	23·00		
Lodhran to Khanewal	56·59	238·08	
Sargoda to Shorkot Road	103·14		
Shahdara to Sangla	55·35		
(iv) Oudh and Rohilkhand—			
Phaphamau to Zafarabad		57·50	
Azhikail-Mangalore		77·27	
(v) Bengal-Nagpur—			
Bhojudih to Hariharpur	25·64		
Bhojudih to Parthadihl	2·28	340·51	
Branch line near Kanoodih	1·97		
Vizianagram to Raipur	310·82		
(vi) East Indian—			
Agra direct access	1·75		
Barharwa to Katwa	99·14		
Bhagalpur to Bausi	31·04		
Borachuk to Sodepur	4·50		
Chord line between the East Indian and Oudh and Rohilkhand State railways near Moghal Sarai	1·19		
Ghât line to Dhultan	1·06	416·11	
Ghât line to Sajimpura	2·50		
Hooghly to Katwa	65·20		
Khurja to Hapur	38·87		
Manpur to Dhanbaid	121·49		
Mile 170½ from Howrah on the Jharua branch to Chandore	4·16		
Nagri to Kasunda	1·59		
Ondal to Sainthia	43·62		
(vii) Great Indian Peninsula—			
Kurla to Mazagaon	6·51	45·42	
Mahim link	1·32		
Warora to Bellarpur	37·59		
(viii) Madras (North-East line)—			
Korukkupettai to Basin Bridge		0·85	
Salem-Attur (b)		36·06	
(ix) Amritsar-Patti			26·85
(x) Eastern Bengal—			
Forbesganj to the Nepal Frontier	6·50		
Katihar to Godagari	105·00	227·37	
Kokrajhar to the Brahmaputra river opposite Gaunati	115·87		
(xi) Assam-Bengal—			
Akhaura to Aebuganj	19·00	35·00	
Kalaura to the Khoosara river	16·00		
(xii) Burma—			
Thamaing to Malagaon		6·70	
(xiii) Burma Extensions—			
Henzada to Kyangin	65·66	186·93	
Pegu to Martaban (b)	121·27		
(xiv) Nilgiri—			
Coonoor to Ootacamund		11·50	425·38
(xv) South Indian—			
Mandapam to Rameswaram Temple	10·12		
Tangachimadam to Port Amphill	1·71	20·83	
Tirupachettai to Sivagunga	9·00		
(xvi) Tirhoot—			
Bairagnia-Narkatiaganj	58·05		
Bhagalpur-Kachefy to Bhagalpur	0·79	161·42	
Mansi to Bhaptiabi	60·37		
Narkatiaganj to Bagaha	26·00		
Saharsa to Murliganj	18·61		
(xvii) Bezawada-Masulipatam			4·50
(xviii) A. Rohilkund and Kumaon—			
Lalkua to Kashipur		45·00	
Moradabad to Ramnagar		47·00	92·00
(xix) B. Dibru-Sadiya—			
Talpa to Saikhoa Ghât			8·50
(xx) C. Bengal and North-Western—			
Dharonda to Maharajganj		3·90	
Gainsari to Jarwa		12·56	
Gorakhpur to Bagaha		60·94	95·23
Savri to Thawe		17·83	
(xxi) Gaekwar's Mehsana—			
Chausama to Bechradi	16·74	38·11	
Manund Road to Harij	21·37		
(xxii) Jaipur—			
Nawai to Siwai Madhopur		40·67	82·78
(xxiii) Sangli—			
Miraj to Sangli Town		4·00	
(xxiv) Jullundur-Kapurthala-Sultanpur (British section) (a)—			
Jullundur to the British Frontier			6·80
(xxv) Gondia-Chanda (2' 6")—			
Gondia to Chanda	148·65	212·40	
Pauni (Brahmapuri) to Nagpur	63·75		
(xxvi) Jubbulpore-Gondia Extension (2' 6")—			
Khirsadoh to Burkuhl	5·08	44·98	328·66
Khirsadoh to Sirgura	7·76		
Nainpur to Mandla	32·14		
(xxvii) Purulia-Ranchi (2' 6")—			
Purulia to Ranchi		72·28	
(xxviii) A. Howrah-Amta Light (2' 0")—			
Autpur to Champadanga (b)		9·00	
Autpur to Rajbhat (c)		3·50	12·50
(xxix) B. Barsi Light (2' 6")—			
Barsi Road Junction to Pandharpur	30·67	51·03	
Kuslamb to Tadwale	20·36		
(xxx) Dwara-Therria Light (2' 6")—			
Dwara to Maolong (d)	13·50	19·50	208·32
Maolong to Therria Ghât (b)	6·00		
(xxxi) Matheran (2' 0")—			
Neral to Matheran		12·79	
(xxxii) Shahdara (Delhi)-Saharanpur Light (2' 6")—			
Baraut to Meerut	30·00	125·60	
Shahdara to Saharanpur	95·00		
(xxxiii) Cutch (2' 6")—			
Anjar to Bhuj	25·38	44·63	
(xxxiv) A. Dholpur-Bari (2' 6")—			
Dholpur to Bari	19·25		
(xxxv) B. Gwalior Light (2' 0")—			
Sabalgarh to Shiupur		66·66	
(xxxvi) C. Jullundur-Kapurthala-Sultanpur (Native State section)—			
Sultanpur to the British Frontier (c)			22·02

(a) Constructed but not worked. (b) Commencement of work not authorized, (c) Commencement of work not authorized and question of gauge not finally settled, (d) Completion deferred.

New Lines authorized.

	Miles.	Miles.	Miles.
(i) { North Western— Shorkot Road to Chichoki Thal to Parachinar Oudh and Rohilkhand— Balaram to Sitapur Rosa to Sitapur	130.80 59.60 37.12 51.36	190.40 88.48	278.88

(ii) { Bengal-Nagpur— Kamptee to Ramtek Kandri branch Sini to Gurumalshini East Indian— Toposi to Baraboni	14.71 2.53 4.10 9.31	61.27	70.58
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(iii) { Burma— Neikban to Begayet Hospet-Kottur— Ramandrug Junction to Ramanamalai Kurnool Road-Kurnool	66.25 4.96 32.00	103.21	
(iv) Bengal and North-Western— Burbhal to Sitapur		59.80	
(v) Gaskwar's Mehsana— Kheralu to Dabhora		7.73	

Lines opened or likely to be opened.

(vi) { Eastern Bengal— Kakargachi Chord North Western— Shahdara to Sangla Shorkot Road to Sargoda Oudh and Rohilkhand— Phaphaman to Zafarabad	2.25 55.50 103.14 58.18	158.64	219.07
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(vii) { Azhikal-Mangalore Bengal-Nagpur— Bhojudih to Gomoh (Hariharpur) Branch line near Khanoodih East Indian— Khurja to Hapur Manpur to Dhanbaid Tetulmari (Nagri) to Kasunda Oudal to Sainthia Great Indian Peninsula— Warora to Bellarpur Madras (North-East line)— Korukkuppettal to Basin Bridge	77.27 25.64 1.97 38.87 122.17 9.59 44.96 37.59 0.85	27.61 207.59	350.91
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(viii) Amritsar-Patti	27.49		
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(ix) { Hospet-Kottur— Ramandrug Junction to Ramanamalai South Indian— Pamban beach to Rameswaram Tirhoit— Bairagnia to Narkatiaganj Mansi to Baptiahi Narkatiaganj to Bagaha Saharsa to Murliganj	4.96 6.95 58.05 60.37 25.62 18.61	174.56 162.65	
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(x) Tanjore District Board— Arantangi Quarry branch (a)		3.90	
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(xi) Mymensingh-Jamalpur-Jagannathganj— New line laid at Jagannathganj (a)		2.53	
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(xii) { Bengal and North-Western— Jhironoda to Maharajganj Gainsari to Jarwa Gorakhpur to Bagaha Savan to Thawe	3.90 9.47 60.94 17.83	92.14	
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(xiii) Sangli— Miraj to Sangli		4.44	
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(xiv) { Jubbulpore-Gondia Extension (2' 6")— Khir-adoh to Barkohi Khir-adoh to Singora Raipur-Bhamtari (2' 6")— Rajim to Rajim Town (a)	5.08 7.76 0.78	12.84	13.62
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(xv) { Bar-i Light (2' 6")— Bar-i Road Junction to Pandharpur Kuslamb to Tadwale Matheran (2' 0")	30.21 20.36 12.61	50.57	63.18
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During 1906-1907, *i.e.*, from 1st April 1906 to the 31st March 1907, 520.20 miles of new railway have been authorized as follows:—

5' 6" gauge—	Miles.	Miles.
(i) State lines worked by the State	278.88	
(ii) State lines worked by companies	70.58	
		349.46

3' 3 3/8" gauge—

(iii) State lines worked by companies	103.21	
(iv) Assisted companies' lines receiving land only from Government	59.80	
(v) Native State lines worked by companies	7.73	
		170.74
TOTAL		520.20

And 951.84 miles have been, or are likely to be, opened to public traffic as follows:—

5' 6" gauge—	Miles.	Miles.
(vi) State lines worked by the State	219.07	
(vii) State lines worked by companies	350.91	
(viii) Branch line companies' railways assisted by Government under "Rebate" terms	27.49	
		597.47

3' 3 3/8" gauge—

(ix) State lines worked by companies	174.56	
(x) District Board's lines	3.90	
(xi) Branch line companies railways assisted by Government under "Rebate" terms	2.53	
(xii) Assisted companies' lines receiving land only from Government	92.14	
(xiii) Native State lines worked by companies	4.44	
		277.57

Special (2' 6" and 2' 0") gauges—

(xiv) State lines worked by companies	13.62	
(xv) Assisted companies' lines receiving land only from Government	63.18	
		76.80
TOTAL		951.84

* Correction of mileage.

(a) These lines are not shown as under construction at the beginning of the year as no intimation was received of their being under construction.

FINANCIAL STATEMENT OF THE

The total length of open line at the commencement of 1907-1908, i.e. on the 1st April 1907, will, therefore, be 29,571·32† miles, comprising—

5' 6" gauge—	Miles.	Miles.
(i) State lines worked by the State	5,150·92	
(ii) State lines worked by companies	7,720·15	
(iii) Companies' lines guaranteed by Government under the old contracts	904·01	
(iv) Companies' lines guaranteed by Government under modern contracts	32·04	
(v) Branch line companies' railways assisted by Government under "Rebate" terms	842·11	
(vi) Assisted companies' lines—		
A. Subsidized by the Government of India	162·36	
B. Receiving land only from Government	22·23	
	184·59	
(vii) Native State lines—		
A. Worked by companies	711·32	
B. Worked by State railway agency	201·69	
	913·01	15,746·83
3' 3½" gauge—		
(viii) State lines worked by the State	852·94	
(ix) State lines worked by companies	7,781·52	
(x) District Boards' lines	103·36	
(xi) Branch line companies' railways assisted by Government under "Rebate" terms	141·42	
(xii) Assisted companies' lines—		
A. Subsidized by the Government of India	117·87	
B. Subsidized by Local Governments	77·50	
C. Subsidized by District Boards	36·40	
D. Receiving land only from Government	1,137·42	
	1,369·19	
(xiii) Unassisted companies' lines	8·50	
(xiv) Native State lines—		
A. Worked by Native States	1,326·63	
B. Worked by companies	818·82	
	2,145·45	
(xv) Lines in Foreign Territory	73·60	
	12,475·98	
Special (2' 6" and 2' 0") gauges—		
(xvi) State lines worked by the State	227·85	
(xvii) State lines worked by companies	358·74	
(xviii) Assisted companies' lines—		
A. Subsidized by Local Governments	58·76	
B. Subsidized by District Boards	121·60	
C. Receiving land only from Government	130·61	
	310·97	
(xix) Unassisted companies' lines	33·27	
(xx) Native State lines—		
A. Worked by Native States	11·67	
B. Worked by companies	372·41	
C. Worked by State railway agency	33·60	
	417·68	
	1,348·51	
TOTAL		†29,571·32

Open lines on 1st April 1907.		Miles.	Miles.
(i)	Eastern Bengal	500·20	
	North Western	(a) 3,427·49	5,150·92
	Ondh and Rohilkhand	(b) 1,223·23	
	Agra-Delhi Chord (c)	125·99	
	Azhikal-Mangalore (d)	77·27	
	Bengal-Nagpur	*1,723·63	
	Bezwa Extension (e)	20·58	
(ii)	Bhopal-Itarsi (British section) (e)	13·11	
	Bombay, Baroda and Central India	(f) 5,043·35	7,720·15
	East Indian	2,266·98	
	Godhra-Rutlam-Nagda (g)	141·14	
	Great Indian Peninsula	1,599·22	
	Indian Midland (c)	809·86	
	Madras (North-East line) (d)	(h) 498·01	
(iii)	Madras	...	904·01
(iv)	Hardwar-Dehra (i)	...	32·04
	Amritsar-Patti (j)	27·49	
	South Bebar (k)	78·76	
(v)	Southern Punjab (j)	425·33	842·11
	Southern Punjab (Ludhiana) Extension (j)	*155·05	
	Tapti Valley (g)	155·48	
(vi)	A. Delhi-Umballa-Kalka (k)	...	162·36
	B. Tarkessur (k)	...	22·23
	Bhopal-Itarsi (Native State section) (c)	44·28	
	Bhopal-Ujjain (c)	113·27	
	Bina-Goonna-Baran (c)	145·63	
	Kolar Gold-fields (d)	9·88	
	Nagda-Ujjain (g)	34·32	
	Nizam's Guaranteed State	230·14	
	Pellad-Cambay (Anand-Tarapur section) (g)	21·50	
	Pellad-Cambay (Tarapur-Cambay section) (g)	*12·30	
	Jammu and Kashmir (Native State section) (j)	15·98	
	Ludhiana-Lhuri-Jakhal (j)	78·66	
	Rajpara-Bhatinda (j)	107·05	201·69
	Cawnpore-Burhwal (Metre gauge line) (i)	79·60	
(viii)	Eastern Bengal	...	852·94
	Behar, Kaimia-Dhubri and Northern sections (including the British section of the Santrabari extension and the Ranaghat-Krishnagar and Teesta-Kurigram branches)	*687·42	
	Dacca section	85·92	
	Assam-Bengal	775·28	
	Bellary-Rayadrug (m)	33·35	
	Burma	1,340·15	
	Guntakul-Mysore frontier (m)	119·50	
	Hospet-Kottur (m)	48·02	
	Jodhpur-Hyderabad (British section) (n)	123·98	
	Lucknow-Bareilly (o)	237·04	
(ix)	Mysore section (Southern Mahratta) (m)	296·22	7,781·52
	Nigiri (d)	16·99	
	Palampur-Deesa (g)	17·28	
	Rajputana-Malwa (g)	(p) 1,774·36	
	South Indian	1,130·00	
	Southern Mahratta	1,042·04	
	Tinnevely-Quilon (Travancore) (British section) (q)	50·48	
	Tirhoot (r)	*776·83	
(x)	Tanjore District Board (q)	...	103·36
	Ahmedabad-Dholka (g)	33·50	
(xi)	Ahmedabad-Parantij (g)	54·70	141·42
	Mymensingh-Jamaipur-Jagannathganj (s)	53·22	
	A. Rohilkund and Kumaon	...	*117·87
	B. Dibru-Sadiya	...	77·50
	C. Bengal-Dooars	...	36·40
(xii)	D. Bengal and North-Western	*1,016·07	
	Bengal-Dooars Extensions	116·56	1,137·42
	Deoghur	4·79	
(xiii)	Ledo and Tikak-Margherita (t)	...	8·50
	Bhavnagar-Gondal-Junagad-Portbandar	(u) 334·19	
	Bikaner	245·35	
	Dhrangadra (v)	20·83	
	Jamnagar (v)	(w) 51·22	1,326·63
	Jetalsar-Rajkot (v)	46·21	
	Jodhpur	463·89	
	Morvi	(x) 94·61	
	Udaipur-Chitor	67·30	
	Birur-Shimoga (m)	31·92	
	Gaekwar's Mehsana (g)	92·63	
	Hindupur (Yesvantpur-Mysore frontier) (m)	51·35	
	Hyderabad-Godavari Valley (e)	391·13	
	Jaipur (g)	32·18	
	Kolhapur (m)	29·27	
	Mysore-Nanjangud (m)	15·80	
	Sangli (m)	4·44	
	Shoranur-Cochin (d)	61·75	
	Tinnevely-Quilon (Travancore) (Native State section) (q)	57·98	
	Vijapur-Kalol-Kadi (g)	41·37	
	Karaikkal-Peralam (q)	14·65	
(xv)	Pondicherry (q)	7·85	73·60
	West of India Portuguese (m)	51·10	
	Dandot Light (2' 0") (j)	6·18	
	Jorhat (2' 0")	30·25	
(xvi)	Kalka-Simla (2' 6") (j)	58·44	227·85
	Khushalgarh-Kohat-Thal (2' 6") (j)	91·73	
	Nowshera-Durgai (2' 0") (j)	40·25	
	Jubbulpore-Gondia Extension (2' 6") (y)	257·89	
	Kalka-Simla (2' 6")	(z) 18·53	358·74
(xvii)	Morappur-Dharmapuri (2' 6") (d)	56·94	
	Raipur-Dhamtari (2' 6") (y)	25·38	
	Tirupattur-Krishnagiri (2' 6") (d)	51·00	
	A. Darjeeling-Himalayan (2' 0")	7·76	58·76
	Thaton-Luyin-aik (2' 6")	26·06	
	Baraset-Basirhat Light (2' 6")	18·50	
	Bukhtiarpur-Bihar Light (2' 6")	37·19	
(xviii)	B. Howrah-Amta Light (2' 0")	19·75	121·60
	Howrah-Sheakhala Light (2' 0")	20·10	
	Tezpur-Balipara Light (2' 6")	78·50	
	Barsi Light (2' 6")	12·61	130·61
	C. Matheran (2' 0") (c)	39·50	
	Powayan Light (2' 6") (o)	...	33·27
(xix)	Tarakeshwar-Magra Light (2' 6")	...	*11·67
	A. Cutch (2' 6")	...	...
	Gaekwar's Dabhoi (2' 6") (g)	*94·48	
	Gwalior Light (2' 0") (e)	183·53	
(xx)	B. Mourbhany (2' 6") (y)	32·41	372·41
	Parlakimedi Light (2' 6") (y)	24·62	
	Rajpipla (2' 6") (g)	37·37	
	C. Cooch Behar (2' 6") (s)	...	33·60

(a) See foot-note (a) on page 1.
 (b) See foot-note (b) on page 1.
 (c) Worked by the Great Indian Peninsula Railway Company.
 (d) Worked by the Madras Railway Company.
 (e) Worked by His Highness the Nizam's Guaranteed State Railways Company.
 (f) Includes 39·23 miles of 3' 3½" gauge line between Vrangam and Wadhwan.
 (g) Worked by the Bombay, Baroda and Central India Railway Company.
 (h) See foot-note (h) on page 1.
 (i) Worked by the Oudh and Rohilkhand State railway.
 (j) Worked by the North Western State railway.
 (k) Worked by the East Indian Railway Company.
 (l) See foot-note (l) on page 1.
 (m) Worked by the Southern Mahratta Railway Company.
 (n) Worked by the Jodhpur-Bikaner railway.

* Correction of mileage.

† Made up as follows:—

Open at the commencement of 1906-1907

Opened during 1906-1907

Add—

Malkera-Mohuda section of the Bengal-Nagpur railway, hitherto excluded

Net increase due to corrections of mileage

(o) Worked by the Rohilkund and Kumaon Railway Company.

(p) See foot-note (p) on page 1.

(q) Worked by the South Indian Railway Company.

(r) Worked by the Bengal and North-Western Railway Company.

(s) Worked by the Eastern Bengal State railway.

(t) Worked by the Assam Railways and Trading Company.

(u) Includes 5·23 miles of Bhavnagar Dock estates and Junagad quarry lines.

(v) Worked by the Bhavnagar-Gondal-Junagad-Portbandar railway.

(w) Includes 3·93 miles of the Beli Bandar Dock estate lines

(x) Includes 20·70 miles of 2' 6" gauge line between Vankaner and Morvi.

(y) Worked by the Bengal-Nagpur Railway Company.

(z) Made over to the North Western State Railway Administration for working† from the 1st January 1907.

28,611·07

851·84

29,562·91

3·24

5·17

TOTAL

29,571·32

FINANCIAL STATEMENT OF THE

It is expected that the following lengths of unfinished line will be opened for public traffic in 1907-1908 :—

	Miles.	Miles.
5' 6" gauge—		
(i) State lines worked by the State	144'88	
(ii) State lines worked by companies	26'85	
		171'73
3' 3½" gauge—		
(iii) State lines worked by the States	36'00	
(iv) State lines worked by companies	217'68	
(v) District Boards' lines	49'47	
(vi) Assisted companies' lines subsidized by the Government of India	84'12	
(vii) Native State lines worked by companies	86'49	
		473'76
Special (2' 6" and 2' 0") gauges—		
(viii) State lines worked by companies	72'28	
(ix) Assisted companies' lines receiving land only from Government	95'00	
(x) Native State lines worked by Native States	19'25	
		186'53
TOTAL		832'02

Leaving the undermentioned lines for completion in 1908-1909 or later :—

	Miles.	Miles.	Miles.
5' 6" gauge—			
(xi) State lines worked by the State	609'95		
(xii) State lines worked by companies	608'78		
			1,218'73
3' 3½" gauge—			
(xiii) State lines worked by the State	191'37		
(xiv) State lines worked by companies	135'62		
(xv) Assisted companies' lines—			
A. Subsidized by Local Governments	8'50		
B. Receiving land only from Government	59'80		
		68'30	
			395'29
Special (2' 6" and 2' 0") gauges—			
(xvi) State lines worked by the State	6'80		
(xvii) State lines worked by companies	244'54		
(xviii) Assisted companies' lines—			
A. Subsidized by District Boards	12'50		
B. Receiving land only from Government	49'50		
		62'00	
(xix) Native State lines—			
A. Worked by Native States	25'38		
B. Worked by companies	66'39		
C. Worked by State railway agency	22'02		
		113'79	
TOTAL			427'13
			2,041'15

		Miles.	Miles.	Miles.
(i)	Eastern Bengal— Lalgola to Lalgola Ghat	2'75		
	Nagda-Muttra— Nagda to Kotah	138'50		144'88
	North Western— Khushalgarh bridge and approaches	3'63		
(ii)	Bengal-Nagpur— Kamptee to Ramtek Kandri branch	14'74 2'53	17'27	
	East Indian— Agra direct access	1'75		26'85
	Great Indian Peninsula— Kurla to Mazagaon Mahim link	6'51 1'32	7'83	
(iii)	Eastern Bengal— Forbesganj to the Nepal Frontier Kokrajhar to Bijni	6'50 29'50		35'00
(iv)	Assam-Bengal— Akhaura to Ashuganj	19'00		
	Burma Extensions— Henzada to Kyangin Pegu to Martaban	65'66 121'27	186'93	217'68
	Nilgiri— Coonoor to Ootacamund	11'75		
(v)	Bezawada-Masulipatam			49'47
(vi)	Rohilkhand and Kumaon— Lalkua to Kashipur Moradabad to Ramnagar	36'43 47'69		84'12
(vii)	Gaekwar's Mchana— Chausama to Bechrail Keralu to Dabhora Manund Road to Harij Jaipur— Nawal to Siwai Madhopur	16'74 7'73 21'37 40'65	45'84	86'52
(viii)	Pureulia-Ranchi (2' 6")			72'28
(ix)	Shahdara (Delhi)-Saharanpur Light (2' 6")— Shahdara to Saharanpur			95'00
(x)	Dholpur-Bari (2' 6")—			19'25
(xi)	Eastern Bengal— Panchooria to the Ganges river (a)	6'00		
	Nagda-Muttra— Kotah to Baran	40'00		
	Kotah to Muttra	205'48		245'48
(xii)	North Western— Kacha Garhi to mile 23	23'00		
	Lodhran to Khanewal	56'59		
	Shorkot Road to Chichoki	130'80		269'99
	Thal to Parachinar	59'60		
	Oudh and Rohilkhand— Balamau to Sitapur	37'12		
	Rosa to Sitapur	51'36		88'48
(xiii)	Bengal-Nagpur— Sini to Gurmatahini Vizianagram to Raipur	44'00 310'42	354'62	
(xiv)	East Indian— Berharwa to Katwa	99'14		
	Bhagalpur to Bausi	31'04		
	Borachuck to Sodepur	4'50		
	Chord line between the East Indian and Oudh and Rohilkhand State Railways near Moghal Sarai	1'19		
	Ghat line to Dhullan	1'06		
	Ghat line to Sajimpura	2'50		
	Hooghly to Katwa	65'20		218'10
	Mile 170½ from Howrah on the Jharia branch to Chandore	4'16		
	Toposi to Baraboni	9'31		
	Salem-Attur (b)			36'06
(xv)	Eastern Bengal— Bijni to the Brahmaputra river opposite Gauhati Katihar to Godagari	86'37 105'00		191'37
(xvi)	Assam-Bengal— Kalaure to the Khooseara river	16'00		
	Burma— Neikban to Begayet	66'25		
	Thamaing to Malagaon	6'70		72'95
(xvii)	Kurnool Road-Kurnool			22'00
	South Indian— Portion of the Rameswaram extension Tangachimadam to Port Amphill Tiruppachettai to Sivagunga	3'17 1'71 9'00	13'88	135'62
	Tirhoot— Bhagalpur-Kachery to Bhagalpur			0'79
(xviii)	A. Dibru-Sadiya— Talap to Saikhoa Ghat			8'50
	B. Bengal and North-Western— Burhwal to Sitapur			59'80
(xix)	Jullundur-Kapurthala-Sultanpur (British section)— Jullundur to the British Frontier (c)			6'80
(xx)	Gondia-Chanda (2' 6")— Gondia to Chanda (b)	148'65 63'75	212'40	
	Panni (Brahmapuri) to Nagpur (b)			32'14
	Jabalpur-Gondia Extension (2' 6")— Nainpur to Mandla			244'54
(xxi)	A. Howrah-Amra Light (2' 0")— Atpur to Champadanga (b) Atpur to Rajbhat (b)		9'00 3'50	12'50
	Dwara-Theria Light (2' 6")— Dwara to Maolong (d)	13'50		
	Maolong to Theria Ghat (b)	6'00		19'50
	Shahdara (Delhi)-Saharanpur Light (2' 6")— Baraut to Meerut			30'00
(xxii)	A. Cutch (2' 6")— Anjar to Bhuj			25'38
	B. Gwalior Light (2' 0")— Sahalgah to Shiupur			
	C. Jullundur-Kapurthala-Sultanpur (Native State section)— Sultanpur to the British Frontier (c)			22'02

(a) Constructed but not worked.
(b) Commencement of work not authorized.
(c) Commencement of work not authorized and question of gauge not finally settled.
(d) Completion deferred.

APPENDIX IV.

	1898-99.	1899-1900.	1900-1901.
Recorded Revenue compared with recorded expenditure excluding Capital Expenditure on Public Works not charged against Revenue—			
Surplus	£ 2,640,873	£ 2,774,623	£ 1,670,204
Deficit	£ ...	£ ...	£ ...
Capital Expenditure on Public Works not charged against Revenue*	£ 3,279,316	£ 4,093,159	£ 4,040,958
Ditto charge involved in Redemption of Liabilities	£ ...	£ ...	£ 5,922,350
Net Public Debt incurred	£ 2,553,052	—121,298	£ 10,827,153
Net Public Debt incurred, including Capital transactions with Guaranteed Railways and other Companies	£ 1,169,161	£ —787,763	£ 12,173,251
Value of commodities exported, excluding Gold and Silver . R	1,12,80,00,000	1,09,08,30,000	1,07,71,80,000
Ditto imported, ditto ditto . R	72,10,20,000	75,30,40,000	80,89,50,000
Excess of Exports over Imports, excluding Gold and Silver . R	40,69,80,000	33,77,90,000	26,82,30,000
Net Imports of Gold R	6,50,30,000	9,41,00,000	84,20,000
Ditto of Silver R	3,98,10,000	3,57,70,000	9,50,70,000
TOTAL NET IMPORTS OF GOLD AND SILVER . . . R	10,48,40,000	13,01,70,000	10,34,90,000
Excess of Exports over Imports including Gold and Silver . R	30,21,40,000	20,76,20,000	16,47,40,000
Grand Total value of Imports and Exports of all kinds . R	2,10,20,80,000	2,13,31,80,000	2,27,41,70,000
Secretary of State's Bills sold (Rupees) R	28,07,63,671	28,48,00,943	29,98,37,693
Sterling Equivalent received £	18,692,377	19,067,022	13,300,277
Silver coined at the Indian Mints R	69,83,650	2,22,59,751	17,26,48,724
Maximum price in pence of an oz. troy, standard Silver in London	28 ⁵ / ₈ (Sept.)	29 (Apl.)	30 ³ / ₈ (Oct.)
Minimum ditto ditto ditto	25 ¹ / ₈ (Apl.)	26 ³ / ₈ (Oct.)	27 ¹ / ₈ (Apl.)
Average Exchange upon Secretary of State's Bills sold per rupee	1s. 3 ⁹ / ₁₆ d.	1s. 4 ⁰ / ₁₆ d.	1s. 3 ⁹ / ₁₆ d.
Fixed rate of exchange for the Adjustment of Transactions between the Indian and Imperial Treasuries	1s. 3 ¹ / ₄ d.	1s. 4 d.	1s. 4 d.
Maximum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	12 (Apl. 1—27)	8 (Oct. 17 to 25 and Jan. 11 to Mar. 14).	8 (Feb. 7 to Mar. 20).
Minimum rate of discount on Loans on demand at the Bank of Bengal, Calcutta	4 (July 28 to Sept. 7).	4 (July 6 to Sept. 13).	3 (July 5 to Aug. 8).
Maximum rate of discount at the Bank of England	4 (Apl. and May Oct. to Jan.)	6 (Nov. 30 to Jan. 10).	5 (Jan. 3 to Feb. 1).
Minimum ditto ditto	2 ¹ / ₂ (July to Sept.)	3 (Apl. to July 12).	3 (June 14 to July 18).
Maximum Government balances at the three Presidency Banks R	3,48,23,000 (Aug.)	4,16,05,000 (June)	3,31,13,000 (Jan.)
Minimum ditto ditto . R	2,70,74,000 (Nov.)	2,58,60,000 (Nov.)	2,59,78,000 (Nov.)
Maximum price in Calcutta of Government 4 per cent Rupee Securities	...	...	...
Minimum ditto ditto	...	...	...
Maximum price in Calcutta of Government 3 ¹ / ₂ per cent Rupee Securities (Guaranteed)	101—11 (Feb. 22)	101—9 (May 3 and 4 and 25 to 27).	97—12 (Oct. 24)
Minimum ditto ditto	92—10 (Apl. 22)	92—4 (Oct. 6)	93—11 (July 28)
Maximum price in Calcutta of 3 per cent Rupee Securities	95—8 (Mar. 15 to 17 and 22).	95—8 (May 15 to 29).	89 (5 and 6 Apl. and 1 to 9 May).
Minimum ditto ditto	86—0 (Nov. 16 to Jan. 17).	88 (Mar. 13 and 14, 19, 20 and 22 to 31).	85—12 (Feb. 4 to Mar. 25).
Maximum amount outstanding on London Register of Rupee Securities enfaced for Interest Drafts R	21,93,37,000 (Oct.)	21,63,32,000 (Apl.)	22,25,01,000 (Sept.)
Minimum ditto ditto . R	21,33,46,000 (Aug.)	20,28,73,000 (Aug.)	20,64,80,000 (Sept.)
Maximum price in London of 4 per cent (Rupee) Securities in Gold	...	...	...
Minimum ditto ditto	...	...	...
Maximum price in London of 3 ¹ / ₂ per cent (Rupee) Securities in Gold	67 ⁷ / ₈ (Mar.)	6 ⁸ / ₈ (Apl.)	65 (Nov.)
Minimum ditto ditto	61 ¹ / ₂ (Oct. and Nov.)	62 (Oct. and Dec.)	62 ³ / ₈ (July)
Maximum price in London of India 3 ¹ / ₂ per cent Stock	117 ⁷ / ₈ (Mar.)	116 ¹ / ₈ (Apl.)	111 ¹ / ₈ (Apl.)
Minimum ditto ditto	111 (Oct.)	104 ³ / ₈ (Dec.)	105 (July)
Maximum price in London of India 3 per cent Stock	100 ¹ / ₂ (Feb.)	109 ¹ / ₂ (Aug.)	103 ⁵ / ₈ (Apl.)
Minimum ditto ditto	103 ¹ / ₂ (Oct.)	98 ³ / ₈ (Dec.)	95 (Aug.)
Maximum price in London of India 2 ¹ / ₂ per cent Stock	94 ¹ / ₂ (Mar.)	99 ¹ / ₂ (Apl.)	90 ³ / ₈ (May)
Minimum ditto ditto	84 ¹ / ₂ (Oct.)	85 (Dec.)	85 (Aug.)
Maximum Government Paper Currency outstanding . . . R	28,20,33,000 (Mar.)	29,27,12,000 (July)	30,78,41,000 (July)
Minimum ditto ditto . R	23,24,55,000 (May)	26,20,32,000 (Dec.)	27,89,64,000 (Apl.)
Number of Post Office Savings Banks	6,310	6,479	6,636
Number of accounts in Post Office Savings Banks	7,55,871	7,85,729	816,051
Amount deposited in Savings Banks R	9,42,80,041	9,64,61,466	10,04,32,069
Average of each deposit R	124,77	122,77	122,98
Net addition to deposits R	14,07,061	21,64,425	39,68,103

* Excludes Capital charge involved in redemption of

† In calculating this rate, a re-remittance to India,

‡ Excludes remittances of Gold Reserve Fund.

§ Include remittances of the Gold Reserve Fund.

|| Continuing.

DIX IV.

FINANCIAL STATISTICS.

CELLANEOUS.

1901-1902.	1902-1903.	1903-1904	1904-1905.	1905-1906.	1906-1907. Revised.	1907-1908, Budget.
£ 4,950,243	£ 3,069,549	£ 2,996,400	£ 3,456,066	£ 2,091,854	1,326,100	774,700
£ 4,071,152	£ 5,128,192	£ 5,043,003	£ 6,258,195	£ 9,966,303	8,757,100	8,048,400
£ 2,582,283	£ 1,039,655	£ 2,146,825	£ 3,413,480	£ 12, 80,960	4,165,400	4,914,900
£ 3,207,898	£ 1,414,781	£ 225,540	£ 4,488,109	£ 18,567,395	2,054,300	6,929,700
1,24,89,50,000	1,29,39,60,000	1,53,51,70,000	1,57,72,20,000	1,61,82,50,000	1,41,56,12,383(b)	
88,78,00,000	85,81,90,000	92,59,20,000	1,04,41,30,000	1,12,09,50,000	93,41,41,833(b)	
36,11,50,000	43,57,70,000	60,92,50,000	53,30,90,000	49,73,00,000	43,14,70,550(b)	
1,93,80,000	8,76,40,000	9,93,20,000	9,70,60,000	45,80,000	12,58,45,119(b)	
7,19,30,000	6,95,70,000	13,65,30,000	13,26,10,000	15,72,30,000	19,55,35,657(b)	
9,13,10,000	15,72,10,000	23,58,50,000	22,96,70,000	16,18,10,000	32,13,80,776(b)	
25,98,40,000	27,85,60,000	37,34,00,000	30,34,20,000	33,54,90,000	11,00,89,774(b)	
2,15,74,80,000	2,50,25,20,000	2,99,57,70,000	3,18,18,40,000	3,21,14,20,000	2,82,64,76,950(b)	
\$ 27,83,01,050	\$ 27,74,67,265	\$ 35,07,94,45	\$ 36,53,57,364	\$ 46,62,43,206(a)	49,24,15,000	27,15,00,000
\$ 18,539,071	\$ 18,499,947	\$ 23,859,303	\$ 24,425,558	\$ 31,160,973(a)	33,000,000	18,100,000
5,13,47,732	11,35,94,843	10,53,11,541	11,37,04,366	20,00,14,452		
27 $\frac{1}{8}$ (Apl.)	27 $\frac{1}{8}$ (Apl.)	28 $\frac{1}{8}$ (Oct.)	28 $\frac{1}{8}$ (Dec.)	30 $\frac{1}{8}$ (Feb.)	33 $\frac{1}{8}$ (Nov.)	
24 $\frac{1}{8}$ (Mar.)	21 $\frac{1}{8}$ (Nov. & Jan.)	22 $\frac{1}{8}$ (Apl.)	24 $\frac{1}{8}$ (Apl.)	25 $\frac{1}{8}$ (Apl.)	29 $\frac{1}{8}$ (Apl. & June)	
1s. 398 $\frac{1}{2}$ d.	1s. 400 $\frac{1}{8}$ d.	1s. 4049 d.	1s. 4045 d.	1s. 4043 d.	1s. 4084 d.	1s. 4d.
1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.	1s. 4d.
8 (Feb. 12 to Mar. 26)	8 (Feb. 19 to Mar. 25).	7 (From 21st Jan. to 9 Mar.).	8 (From 9th Mar. to 22nd Mar. 1905).	9 (From Feb. 1 to Mar. 14 1906).	9 (From Dec. 6 to Mar. 11, 1907).	
3 (July 18 to Aug. 21).	3 (July 10 to Oct. 14).	3 (Aug. 27 to Dec. 9).	3 (23rd June to 5th Oct.).	4 (July 20 to Aug. 16).	3 (July 19 to Aug. 8).	
4 (Apl. to June 5 and Nov. 10 Jan. 22.	4 (Oct. 2 to Mar. 31).	4 (Apl. 1 to May 20 and Sept. 3 to Mar.).	4 (Apl. 5 to 13).	4 (Sept. 28 to Mar.).	6 (Oct. 19 to Jan. 16).	
3 (June 13 to Oct. 30, and Feb. 6 to Mar. 3).	3 (Apl. 1 to Oct. 1).	3 (June 18 to Sept. 2).	2 $\frac{1}{2}$ (From 1 Mar. 9).	2 $\frac{1}{2}$ (Apl. 1 to Sept. 7).	3 $\frac{1}{2}$ (Apl. 5 to May 2 and June 21 to Sept. 12).	
3,38,00,000 (June)	3,60,28,000 (Dec.)	3,52,12,000 (Apl.)	3,84,32,000 (Sept.)	3,82,91,000 (May)	3,68,28,000 (Aug.)	
2,93,82,000 (Mar.)	3,06,74,000 (Oct.)	3,03,54,000 (Feb.)	3,00,53,000 (Jan.)	2,84,08,000 (Nov.)	2,95,11,000 (Oct.)	
...	...	...	...	...	...	
97-7 (Aug. 15)	99-9 (May 17)	99-7 (Apl. 27 & 28).	99-9 (16th Aug. 2nd & 3rd Mar.)	100-4 (Aug. 4 1905).	99-11 (Apl. 1 and 2).	
94-7 (May 11)	96-12 (Apl. 2 & 3)	94-10 (Jan. 9)	96-11 (Nov. 11)	97-8 (Jan. 9 and 10, 1906).	94-13 (Dec. 17 and 18, 1906).	
87-0 (Apl. 1 to May 8)	87-8 (Mar. 30)	87-8 (Apl. 1)	87-4 (From 3rd Mar.)	87-12 (Aug. 10 to 16, 1905).	87-2 (Apl. 1 to 19 and Apl. 27 to May 14, 1906)	
87-0 (Jan. 11 to Feb. 1 and Mar. 8 to Mar. 31).	82-12 (Apl. 1 & 2)	85-4 (Feb. 8 to Mar. 31).	85-4 (5th Apl. to 3rd May).	87-0 (Dec. 21, 1905 and Mar. 19 to 22 1906).	82-8 (Feb. 20 to 26, 1907).	
22,34,60,000 (Apl.)	20,28,92,000 (Apl.)	18,61,10,000 (Apl.)	17,02,89,000 (Apl.)	17,01,09,000 (May)	16,92,17,000 (Dec.)	
20,23,95,000 (Dec.)	18,03,35,000 (Mar.)	17,05,01,000 (Jan.)	16,50,97,000 (Feb.)	16,21,03,000 (Dec.)	16,80,78,000 (July)	
...	...	...	...	...	...	
64 $\frac{1}{8}$ (Feb.)	66 $\frac{1}{8}$ (Feb. & Mar.)	66 $\frac{1}{8}$ (Sept.)	66 $\frac{1}{8}$ (Feb. & Mar.)	66 $\frac{1}{8}$ (Aug.)	66 $\frac{1}{8}$ (June)	
63 (July)	64 (Apl. & June)	64 (Jan. & Feb.)	65 (July)	65 (June)	65 (June)	
109 $\frac{1}{8}$ (Aug.)	110 $\frac{1}{8}$ (June)	108 $\frac{1}{8}$ (July)	109 (Feb.)	107 $\frac{1}{8}$ (Apl.)	107 $\frac{1}{8}$ (Apl.)	
100 $\frac{1}{8}$ (July)	101 $\frac{1}{8}$ (Mar.)	102 (Jan.)	103 (Apl.)	101 $\frac{1}{8}$ (Oct.)	101 $\frac{1}{8}$ (Oct.)	
102 (June)	102 $\frac{1}{8}$ (June)	102 (Jan.)	99 $\frac{1}{8}$ (b.)	98 $\frac{1}{8}$ (Apl.)	98 $\frac{1}{8}$ (Apl.)	
97 $\frac{1}{8}$ (Oct.)	98 $\frac{1}{8}$ (Mar.)	93 $\frac{1}{8}$ (Mar.)	93 $\frac{1}{8}$ (Aug.)	94 $\frac{1}{8}$ (Oct.)	94 $\frac{1}{8}$ (Oct.)	
87 (Apl.)	80 $\frac{1}{8}$ (June)	85 $\frac{1}{8}$ (Apl.)	85 $\frac{1}{8}$ (Feb.)	84 $\frac{1}{8}$ (Apl.)	84 $\frac{1}{8}$ (Apl.)	
84 $\frac{1}{8}$ (Dec.)	81 $\frac{1}{8}$ (Mar.)	78 $\frac{1}{8}$ (Mar.)	79 $\frac{1}{8}$ (Apl.)	79 $\frac{1}{8}$ (Oct.)	75 $\frac{1}{8}$ (Oct.)	
31,85,90,000 (Oct.)	35,72,36,000 (Mar.)	38,21,17,000 (Mar.)	42,51,61,000 (July)	44,65,60,000 (Mar.)	47,30,20,000 (July)	
27,67,00,000 (Feb.)	31,24,79,000 (Apl.)	33,94,09,000 (Apl.)	36,11,07,000 (Apl.)	39,63,12,000 (Dec.)	42,89,24,000 (May)	
7,053	7,075	7,372	7,855	8,071		
860,693	922,353	987,635	1,058,813	1,115,758		
10,68,21,233	11,42,15,334	12,33,36,717	13,40,70,130	13,99,26,260		
12,225	123,83	124,88	126,02	130,83		
63,88,604	73,94,301	91,21,183	1,07,33,414	58,56,129		

Liabilities

of Rs 100,00,000 by means of Bank drafts is taken into account.

(a) Include remittance of the Currency Department.

(b) Figures for ten months of 1906-1907.

FINANCIAL STATEMENT OF THE

APPENDIX, IV—*continued.*

Commercial and Financial Statistics.

Table II.—Statement showing the true financial results to the Revenues of India of the guarantee of interest upon the Capital of Guaranteed Railway Companies.

(Omitting 000 in rupee figures and 00 in sterling figures, except in accounts.)

	ACCOUNTS.					Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.
	1901-1902.	1902-1903.	1903-1904.	1904-1905.	1905-1906.		
	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>	<i>Miles.</i>
Open mileage at end of official year .	1,334	1,349	1,408	1,408	904	9,04	9,04.
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Gross traffic receipts	2,65,89,776	2,82,66,517	2,99,01,287	3,23,13,144	2,81,37,181	1,52,33	1,53,65
Working expenses	1,28,64,943	1,40,73,782	1,57,79,341	1,61,90,936	1,43,07,550	89,96	92,15
Percentage of working expenses on receipts	48·38	49·79	52·77	50·11	50·85	59·05	59·97
Net Revenue .	1,37,24,833	1,41,92,735	1,41,21,946	1,61,22,208	1,38,29,631	62,37	61,50
Guaranteed Interest paid in England £	1,009,544	1,026,892	1,032,772	*1,047,316	*1,052,955	584,8	581,8
Ditto converted at Rs. 15 = £1 from 1898-99	1,51,43,168	1,54,03,371	1,54,91,582	1,57,09,732	1,57,94,325	87,72	87,27
Guaranteed interest paid in India plus interest on overdrawn Capital .	1,04,551	1,24,895	2,28,672	2,77,131	40,318	...	85
Surplus paid to Railway Companies .	23,16,119	13,33,564	15,27,629	19,08,241	17,73,467	9,53	...
Land and Supervision	—1,00,580	—95,196	3,359	(a) 1,12,648	1,19,911	—2,97	4,62
Net loss on receipts and disbursements of Capital in India at the contract rates of exchange instead of at the average yearly rates obtained for the Secretary of State's bills	—2,80,239	3,59,811	8,46,623	4,72,410	5,66,282	6,51	8,86
Total Expenditure .	1,71,83,019	1,71,26,445	1,80,97,865	1,84,80,162	1,82,94,303	1,00,79	1,01,60
Net Expenditure from the Public Treasury .	34,58,186	29,33,710	39,75,919	23,57,954	44,64,672	38,42	40,10

The Accounts for 1904-1905 and for 1905-1906 include £2,173 and £14,335 respectively on account of "Interest on advances" to Guaranteed Railway Companies (B., B. and C. I. Railway).

(a) Excludes the ret credit under supervision, vide Account 54 A of the Finance and Revenue Accounts for 1904-1905.

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table III.—Capital Expenditure on State Railways in 1905-1906 and Estimated Expenditure on such works in 1906-1907 and 1907-1908, and to end of 1907-1908.

RAILWAYS.	To end of 1904-1905.	Accounts, 1905-1906.	Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.	To end of 1907-1908.	Sanctioned Outlay.	Balance remaining unspent.	REMARKS.
OPEN LINES.								
East Indian	Rs. 35,20,94,956	Rs. 2,13,54,545	Rs. 2,20,00,000	Rs. 1,43,19,000	Rs. 40,97,67,601	Rs. 40,97,67,601	...	(a) Rs. 1,796 outlay prior to March 1900 on the metre gauge line between Bhatinda and Ferozepore transferred from Rajputana. Malwa railway to North Western railway.
Rajputana-Malwa System	(a) 15,69,35,165	22,33,162	35,41,000	27,23,000	16,54,32,327	16,54,32,327	...	
Palampur-Deesa	2,37,069	1,000	2,000	...	2,40,069	2,40,069	...	
Rewari-Fnulara	(e) 41,59,490	6,33,721	3,60,000	24,000	51,77,211	51,77,211	...	
Bhopal	31,89,745	23,813	91,000	1,70,000	34,74,558	34,74,558	...	
Warora Colliery	13,96,688	98,927	1,68,000	...	11,29,761	11,29,761	...	
Burma	7,69,12,324	...	...	...	7,69,12,324	7,69,12,324	...	
Assam-Bengal (Construction)	7,03,93,442	37,91,667	23,50,000	29,46,000	7,94,81,109	7,94,81,109	...	
Ditto (Land)	36,72,627	18,077	3,78,000	3,72,000	44,40,704	44,40,704	...	
Jorhat	9,07,561	1,014	15,000	4,000	9,27,575	9,27,575	...	(b) Rs. 86,149 outlay during 1901-1902 on Junction works at Hyderabad transferred from the Jodhpur-Bikaner Railway.
Eastern Bengal	15,40,69,226	1,33,15,946	60,90,000	91,79,000	18,26,54,172	18,26,54,172	...	
Tirhoot	5,32,50,655	13,87,171	22,25,000	18,52,000	5,87,14,826	5,87,14,826	...	
Oudh and Rohilkhand	21,27,44,449	27,12,955	26,04,000	32,08,000	22,12,69,404	22,12,69,404	...	
Lucknow-Bareilly	51,21,139	...	...	...	51,21,139	51,21,139	...	
North-Western	(a,b) 49,76,92,259	1,49,04,511	1,84,16,000	1,59,27,000	54,69,39,770	54,69,39,770	...	
Guntakal Mysore Frontier	59,17,586	6,434	5,000	10,000	59,39,020	59,39,020	...	(c) Includes Rs. 9,72,065 on account of outlay on Berar railways brought on.
South Indian	10,46,34,679	17,67,706	27,00,000	28,25,000	11,19,27,385	11,19,27,385	...	
Tanjore District Board	28,35,884	1,06,919	40,000	27,000	30,09,803	30,09,803	...	
Jodhpur-Hyderabad (British Section)	(b) 39,73,039	1,487	14,000	—18,000	39,70,526	39,70,526	...	
Petroleum Operations	1,19,187	...	...	...	1,19,187	1,19,187	...	(d) Includes Rs. 8,731 on account of survey outlay brought on to the construction account during 1904-1905.
Frontier Railway Reserve Material	43,98,177	...	...	...	43,98,177	43,98,177	...	
Peshawar Railway Reserve Material	2,88,641	—2,88,641	...	...	...	...	...	
Great Indian Peninsula and Warora-Bellarpur	(c) 12,60,09,786	84,82,341	72,34,000	1,05,45,000	15,22,71,127	15,22,71,127	...	
Agra-Delhi Chord	1,14,03,153	10,86,120	4,64,000	2,25,000	1,31,78,273	1,31,78,273	...	
East Coast—Northern Section	3,09,29,430	...	...	...	3,09,29,430	3,09,29,430	...	
Madras Railway—North-East Line	6,45,52,886	7,32,456	6,80,000	14,52,000	6,74,17,342	6,74,17,342	...	
Bezwada Extension	11,77,142	3,584	3,000	3,000	11,86,726	11,86,726	...	
Nilgiri Railway	35,49,347	1,53,487	53,000	1,20,000	38,75,834	38,75,834	...	
Bombay, Baroda and Central India	...	20,24,78,750	15,39,000	15,03,000	20,55,20,750	20,55,20,750	...	
Rohri-Samasata Doubling	(d) 6,64,901	69,09,214	39,34,000	13,65,000	1,28,73,115	1,28,73,115	...	
Bengal Central	...	75,07,701	...	...	75,07,701	75,07,701	...	
Kalka-Simla	...	1,16,72,304	45,94,000	5,07,000	1,67,73,304	1,67,73,304	...	
Linnevelly Quilon—British Section	43,35,389	25,368	20,000	20,000	44,00,757	44,00,757	...	
Ditto Native State Section	1,16,97,021	1,23,185	3,000	20,000	1,18,43,206	1,18,43,206	...	
Carried over	1,96,92,62,413	30,10,47,070	7,91,87,000	6,93,28,000	2,41,88,24,213	2,41,88,24,213	...	

APPENDIX C—continued.

RAILWAYS.	To end of 1904-1905.	Accounts, 1905-1906.	Revised Esti- mate, 1906-1907.	Budget Esti- mate, 1907-1908.	To end of 1907-1908.	Sanctioned Outlay.	Balance re- maining unspent.
Brought forward	1,96,92,62,143	30,10,47,070	7,91,87,000	6,93,28,000	2,41,88,24,213	2,41,88,24,213	...
Bellary-Royadurg	5,65,354	2,09,610	15,000	10,000	7,99,964	7,99,964	...
Hospet-Kottur	12,73,127	1,29,208	30,000	20,000	14,52,335	14,52,335	...
Tirupatur-Krishnagiri	8,41,049	2,36,201	7,000	3,000	10,87,250	10,87,250	...
Morappur-Dhurnapur	5,62,225	2,54,151	27,000	2,000	8,45,376	8,45,376	...
TOTAL OPEN LINES	1,97,25,03,898	30,18,76,240	7,92,66,000	6,93,63,000	2,42,30,09,138	2,42,30,09,138	...
LINES UNDER CONSTRUCTION.							
Forbesganj-Nepal Frontie	...	64,887	1,07,000	17,000	1,88,887	2,22,000	33,113
Shahdera-Sangla	4,28,369	14,04,008	8,01,000	2,65,000	28,98,377	28,29,000	—69,377
Lodhran-Khanewal	...	...	7,80,000	15,72,000	23,52,000	32,95,000	9,43,000
Burma Railway Extensions	32,12,515	52,16,205	52,82,000	33,50,000	1,70,60,720	2,07,51,000	36,90,280
Khushalgarh-Kohat Railway—Conversion and Indus Bridge.	(a) 1,58,585	9,57,394	11,19,000	5,32,000	27,66,979	31,92,000	4,25,021
Coonor-Ootakamund	2,47,943	6,58,954	6,58,000	4,50,000	20,14,897	24,40,000	4,25,103
Jech-Deab (Southern Section)	44,96,624	18,52,538	7,09,000	1,18,000	71,76,162	71,59,000	—17,162
Shorket Road Chichoki	...	...	4,45,000	17,28,000	21,73,000	50,00,000	28,27,000
Tirhoot Extensions	55,34,582	37,61,067	23,50,000	10,38,000	1,26,83,649	1,14,03,000	—12,80,649
Jullundur-Hoshiarpur	14,531	...	...	...	14,531	15,000	469
Ludhiana-Ferozepur	28,311	...	...	...	28,311	29,000	689
Azikhah-Mangalore	77,64,270	28,56,882	20,30,000	3,49,000	1,30,00,152	1,29,05,000	—95,152
Dhubri-Gauhati	34,02,542	20,78,753	29,40,000	20,02,000	1,04,23,255	92,31,000	—11,92,295
Shilman Branch	(b) 25,138	8,45,126	21,79,000	6,00,000	36,49,264	1,00,00,000	63,50,736
Kurnool-Kurnool Road	...	...	1,00,000	4,00,000	5,00,000	11,32,000	6,32,000
Thal-Parachinar Railway and Kohat Thal Conversion	...	...	4,42,000	2,00,000	6,42,000	85,00,000	78,58,000
Carried over	2,53,13,410	1,96,95,814	1,99,42,000	1,26,21,000	7,75,72,224	9,81,03,000	2,05,30,776
TOTAL OPEN LINES, carried over	1,97,25,03,898	30,18,76,240	7,92,66,000	6,93,63,000	2,42,30,09,138	2,42,30,09,138	...

(a) Includes Rs. 7,118 on account of survey outlay brought on.

(b) Survey outlay brought on to the construction account during 1904-1905.

RAILWAYS.		To end of 1904-1905.	Accounts, 1905-1906.	Revised Esti- mate, 1906-1907.	Budget Es- timate, 1907-1908.	To end of 1907-1908.	Sanctioned Outlay.	Balance remaining unspent.	
TOTAL OPEN LINES, brought forward		1,97,25,03,898	30,18,76,240	7,92,66,000	6,93,63,000	2,42,30,09,138	2,42,30,09,138	...	
Brought forward		2,53,13,410	1,96,95,814	1,99,42,000	1,26,21,000	7,75,72,224	9,81,03,000	2,05,30,776	
Barun Kotah	.	...	1,06,878	19,00,000	13,00,000	33,06,878	37,59,000	4,52,122	
Ahmedabad-Dholka (Earthwork, etc.)	.	59,900	...	...	...	59,900	60,000	100	
Quetta-Nushki	.	69,60,460	15,52,342	2,46,000	...	87,58,802	96,06,000	2,47,198	
Nagda-Muttra	.	(a) 8,74,316	73,65,056	1,37,00,000	67,00,000	2,86,39,372	2,98,11,000	11,71,628	
Katihar-Godagiri	.	6,63,556	29,96,385	35,50,000	18,00,000	90,09,941	1,04,86,000	14,76,059	
Allahabad-Jaunpur	.	6,26,392	20,40,196	4,50,000	1,66,000	32,82,588	34,04,000	1,21,412	
Rameswaram Extension	.	1,18,236	3,71,891	91,000	...	5,81,127	41,94,000	36,12,873	
TOTAL LINES UNDER CONSTRUCTION		3,46,16,270	3,41,28,562	3,98,79,000	2,25,87,000	13,12,10,832	15,88,23,000	2,76,12,168	
LINES IN ABEYANCE OR TRANSFERRED TO COMPANIES, ETC.									
Ranaghat-Bhagwangola	.	3,02,450	...	...	...	3,02,450	3,02,450	...	
Southern Mahratta (Depreciation on works, etc.)	.	5,27,071	...	...	...	5,27,071	5,27,071	...	
Bellary-Kistna	.	1,65,78,416	...	...	...	1,65,78,416	1,65,78,416	...	
Bilaspur-Etawah	.	75,132	...	...	...	75,132	75,132	...	
Vizagapatam-Raipur	.	2,45,035	...	...	...	2,45,035	2,45,035	...	
Nagpur-Chhattisgarh Depreciation Account	.	6,57,038	...	...	...	6,57,038	6,57,038	...	
Umaria Colliery	.	1,82,672	...	...	...	1,82,672	1,82,672	...	
TOTAL LINES IN ABEYANCE, ETC.		1,85,67,814	...	...	...	1,85,67,814	1,85,67,814	...	
Stores	.	7,52,701	7,99,674	...	...	15,52,375	15,52,375	...	
Reserve	.	...	...	...	1,63,42,000	1,63,42,000	1,63,42,000	...	
GRAND TOTAL, carried over		2,02,64,40,683	33,68,04,476	11,91,45,000	10,82,92,000	2,59,06,82,159	2,61,82,94,327	12,76,12,168	

(a) Includes Rs. 93,764 on account of survey outlay brought on to the construction account during 1904-1905.

APPENDIX C—concluded.

RAILWAYS.	To end of 1904-1905.	Accounts, 1905-1906.	Revised Esti- mate, 1906-1907.	Budget Esti- mate, 1907-1908.	To end of 1907-1908.	Sanctioned Outlay.	Balance remaining unspent.
GRAND TOTAL, brought forward .	2,02,64,40,683	33,68,04,476	11,91,45,000	10,82,92,000	2,59,06,82,159	2,61,82,94,327	2,76,12,168
<i>Distributed as under—</i>							
CAPITAL EXPENDITURE ON PUBLIC WORKS (not charged to Revenue)—							
State Railways—Construction*	1,28,04,01,360	14,11,52,976	11,90,11,000	10,82,26,000	1,54,88,81,336		
Redemption of Liabilities†	59,20,83,646	19,47,14,397	...	...	78,67,98,043		
FAMINE RELIEF AND INSURANCE—							
Protective Railways	7,56,23,487	8,29,170	79,000	35,000	7,65,66,657		
CONSTRUCTION OF RAILWAYS (charged against Revenue in addition to that under Famine In- surance).	5,45,35,712	...	...	...	5,45,35,712		
CONSTRUCTION OF RAILWAYS (charged to Provin- cial or Local Revenues).	1,01,42,690	1,07,933	55,000	31,000	1,03,36,623		
OTHER EXPENDITURE charged against Revenue .	1,35,63,788	..	...	..	1,35,63,788		
TOTAL AS ABOVE .	2,02,64,40,683	33,68,04,476	11,91,45,000	10,82,92,000	2,59,06,82,159		
* INCLUDES DEBENTURES RAISED BY COMPANIES—							
East Indian Railway	9,73,86,480	2,06,69,929	...	3,37,50,000	15,18,06,409		
South Indian Railway	2,10,57,237	16,50,000	...	...	2,27,07,237		
Bombay, Baroda and Central India	...	...	...	60,00,000	60,00,000		
TOTAL	11,84,43,717	2,23,19,929	...	3,97,50,000	18,05,13,646		
† East Indian Railway							
Eastern Bengal Railway	...	...	Rs.	...	...		
Oudh and Rohilkhand Railway	...	...	18,05,98,229	...	...		
North Western Railway	...	...	2,35,46,757	...	...		
South Indian Railway	...	...	15,50,40,735	...	...		
Great Indian Peninsula Railway	...	...	7,36,74,320	...	...		
Bombay, Baroda and Central India Railway	...	...	7,03,88,355	...	...		
Bengal Central Railway	...	...	8,88,35,250	...	...		
TOTAL	...	...	18,72,06,696	...	...		
TOTAL	...	...	75,07,701	...	...		
TOTAL	...	...	78,67,98,043	...	...		

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV.—Capital Expenditure on Irrigation—Major Works, in 1905-1906, and estimated expenditure on such works in 1906-1907 and 1907-1908, and to the end of 1907-1908.

	Actual outlay to end of 1904-1905.	Accounts, 1905-1906.	Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.	Total actual and estimated outlay to end of 1907-1908.	Sanctioned estimate.	Balance of sanctioned estimate remaining to be spent.
IRRIGATION WORKS. CAPITAL EXPENDITURE NOT CHARGED TO REVENUE.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
<i>Burma.</i>							
Mandalay Canal	50,90,062	—47,195	10,000	...	50,52,867	49,47,897	...
Shwabo Canal	38,20,801	3,73,640	4,28,000	1,99,000	48,21,441	46,28,060	...
Mon Canals	2,50,021	5,70,588	8,76,000	7,83,000	24,79,609	42,63,836	17,84,227
Ye-u Canal	54,505	4,10,599	1,30,000	18,000	6,13,104	34,05,297	27,92,193
<i>Bengal.</i>							
Orissa Canals	2,59,99,142	18,923	34,000	31,000	2,60,83,065	...	...
Midnapur Canal	82,97,576	6,262	2,000	11,000	83,16,838	...	...
Hijili Tidal Canal	25,51,641	...	...	...	25,51,641	...	...
Sone Canal	2,58,06,833	2,257	6,000	...	2,58,15,090	...	...
<i>United Provinces.</i>							
Ganges Canal	3,01,50,105	3,88,574	3,09,000	2,89,000	3,11,36,679	...	...
Lower Ganges Canal	3,41,69,550	2,32,721	2,85,000	3,34,000	3,50,21,271	...	...
Ditto, Fatehpur Branch	32,65,888	8,575	62,000	70,000	34,06,463	...	...
Agra Canal	95,96,026	2,23,836	5,04,000	3,78,000	1,07,01,862	...	...
Eastern Jumna Canal	44,67,493	82,819	63,000	79,000	46,92,312	...	...
<i>Punjab.</i>							
Western Jumna Canal	1,64,74,785	21,332	50,000	30,000	1,65,76,117	...	...
Upper Bari Doab Canal	1,91,12,239	1,56,435	1,14,000	4,80,000	1,98,62,674	...	...
Sirhind Canal (State outlay)	2,36,37,802	11,576	87,000	1,00,000	2,38,36,378	...	...
Lower Chenab Canal	2,74,18,127	1,08,001	17,000	2,00,000	2,77,43,128	...	...
Lower Jhelum Canal	1,39,37,002	6,75,629	4,04,000	5,00,000	1,55,16,631	1,83,95,782	28,79,151
Indus Inundation Canals	14,36,292	3,36,692	2,60,000	3,00,000	23,32,984	...	...
Upper Jhelum Canal	80,372	12,92,556	27,37,000	23,00,000	64,10,928	2,90,70,397	2,26,59,469
Upper Chenab Canal	1,38,233	19,22,260	34,03,000	38,25,000	92,88,403	2,89,29,792	1,96,41,299
Lower Bari Doab Canal	...	...	4,00,000	5,00,000	6,00,000	1,78,11,841	1,72,11,841
<i>North-West Frontier Province.</i>							
Paharpur Inundation Canal	...	2,21,523	2,96,000	70,000	5,87,523	7,07,703	1,20,180
Upper Swat River Canal	...	...	78,000	70,000	1,48,000	1,77,64,752	1,76,16,752
Lower Ditto *	40,22,989	8,964	37,000	10,000	40,78,953	...	...
<i>Madras.</i>							
Godavari Delta System	1,17,60,580	2,07,048	1,63,000	39,000	1,21,69,628	...	...
Kistna Delta System	1,43,33,481	73,340	61,000	35,000	1,45,02,821	...	...
Pennér River Canals System	54,61,276	36,552	10,000	...	55,07,828	...	...
Periyar Project	90,09,309	1,52,862	5,40,000	65,000	97,67,231	...	...
Cauvery Delta system	31,17,029	1,68,032	1,27,000	76,000	34,88,061	...	...
Nagavalli River Project	...	1,87,835	2,36,000	2,48,000	6,71,835	10,26,606	3,54,771
Divi Island Project	...	3,69,525	7,74,000	4,37,000	15,80,525	18,06,000	2,25,475
<i>Bombay.</i>							
Desert Canal	25,90,762	14,232	17,000	...	26,21,994	...	...
Begari Canal	16,57,544	...	71,000	3,75,000	21,03,544	...	...
Eastern Nara Works	63,83,621	32,912	28,000	5,000	64,49,533	...	...
Jamrao Canal	80,37,310	—94,071	—21,000	20,000	79,42,239	...	...
Mutha Canals	69,30,032	725	1,84,000	3,13,000	74,27,757	...	...
<i>Other projects</i>	3,66,35,932	3,07,337	2,93,000	7,75,000	3,80,11,269	...	...
<i>Deduct—Outlay incurred from Ordinary Revenues</i>	36,56,94,420	84,82,896	1,27,75,000	1,29,65,000	39,99,17,316	...	...
	5,85,42,031	1,31,022	4,29,000	4,65,000	5,95,67,053	...	...
Carried over	30,71,52,389	1,83,51,874	1,23,46,000	1,25,00,000	34,03,50,263	...	...

* Transferred to "49" from 1st April 1906.

† Inclusive of Rs. 8,964 on account of the Lower Swat River Canal.

APPENDIX IV—*continued.*

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV.—Capital Expenditure on Irrigation—Major Works, in 1905-1906, and estimated expenditure on such works in 1906-1907 and 1907-1908, and to the end of 1907-1908.

	Actual outlay to end of 1904-1905.	Accounts, 1905-1906.	Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.	Total actual and estimated outlay to end of 1907-1908.	Sanctioned estimate.	Balance of sanctioned estimate remaining to be spent.
	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
Brought forward	30,71,52,389	83,51,874	1,23,46,000	1,25,00,000	34,03,50,263	...	...
PROTECTIVE IRRIGATION WORKS.							
<i>Central Provinces.</i>							
Tank Projects	11,38,130	5,50,426	5,37,000	9,34,000	31,59,556	...	...
<i>Bengal.</i>							
Tribeni Canal	12,24,149	4,17,605	4,54,000	6,00,000	26,95,754	50,20,251	23,24,497
<i>United Provinces.</i>							
Betwa Canal (including Dukwa weir)	46,35,207	5,01,221	6,90,000	5,54,000	63,80,428	...	...
Ken Canal	7,42,163	12,58,952	11,24,000	7,27,000	38,52,115	36,74,729	...
Dassan Canal	7,734	1,52,508	6,70,000	13,15,000	21,45,242	38,79,619	17,34,377
<i>Madras.</i>							
Rushikulya Project	45,99,565	33,025	16,000	50,000	46,98,590	...	...
Mopad Project	1,747	2,31,752	2,19,000	...	4,52,499	11,36,000	6,83,501
<i>Bombay.</i>							
Gadaveri Canal	...	...	...	7,47,000	7,47,000	87,73,347	80,26,347
Chankapur Tank	3,50,110	2,54,686	1,71,000	5,56,000	13,31,796	13,11,518	...
Nira Canal	53,71,010	8,865	6,000	6,000	53,91,875	...	...
<i>Other projects</i>	37,13,158	67,072	3,67,000	5,31,000	46,78,230	...	...
	2,17,82,973	*31,76,112	42,54,000	60,20,000	3,55,33,085	..	...
<i>Deduct—Outlay incurred from Ordinary Revenues</i>	30,81,744	...	...	...	30,81,744	...	...
TOTAL	1,87,01,229	34,76,112	42,54,000	60,20,000	3,24,51,341	..	...
GRAND TOTAL	32,58,53,618	1,18,27,986	1,66,00,000	1,85,20,000	37,28,01,604	...	...

* Exclusive of Rs. 8,964 on account of the Lower Swat River Canal, transferred to "49" from 1st April 1906

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV.—Gross traffic receipts, working expenses, and net traffic receipts of Guaranteed and State Railways for five years ending 1905-1906, with Revised Estimates for 1906-1907 and Budget Estimates for 1907-1908.

(Omitting 000 except in accounts.)

	ACCOUNTS.					Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.
	1901-1902.	1902-1903.	1903-1904.	1904-1905.	1905-1906.		
	M.	M.	M.	M.	M.	M.	M.
GUARANTEED RAILWAYS.							
Open mileage at beginning of year	1,305	1,334	1,349	1,408	1,408	904	904
<i>Gross Traffic Receipts.</i>	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Madras	1,10,33,035	1,20,68,312	1,27,77,060	1,34,30,576	1,39,56,526	1,47,00	1,50,00
Ditto Extensions	56,465	1,86,889	3,17,370	3,75,918	3,62,742	3,25	3,65
Bombay, Baroda and Central India	1,55,00,276	1,60,11,316	1,68,06,857	1,85,06,650	1,38,17,913	2,08	...
TOTAL	2,65,89,776	2,82,66,517	2,99,01,287	3,23,13,144	2,81,37,181	1,52,33	1,53,65
<i>Working Expenses.</i>							
Madras	56,45,793	61,69,379	69,95,955	76,05,016	77,38,956	88,00	90,00
Ditto Extensions	22,046	79,538	1,48,793	2,02,666	1,96,999	1,95	2,15
Bombay, Baroda and Central India	71,97,104	78,24,865	86,34,593	83,83,254	63,71,595	1	...
TOTAL	1,28,64,943	1,40,73,782	1,57,79,341	1,61,90,936	1,43,07,550	89,96	92,15
<i>Net Traffic Receipts.</i>							
Madras	53,87,242	58,98,933	57,81,105	58,25,560	62,17,570	59,00	60,00
Ditto Extensions	34,419	1,07,351	1,68,577	1,73,252	1,65,743	1,30	1,50
Bombay, Baroda and Central India	83,03,172	81,86,451	81,72,264	1,01,23,896	74,46,318	2,07	...
TOTAL	1,37,24,833	1,41,92,735	1,41,21,946	1,61,22,208	1,38,29,631	62,37	61,50

APPENDIX IV—continued.

	ACCOUNTS.					Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.
	1901-1902.	1902-1903.	1903-1904.	1904-1905.	1905-1906.		
STATE RAILWAYS. (a)	M.	M.	M.	M.	M.	M.	M.
Open mileage at beginning of year	19,295	19,380	20,119	20,744	20,330	21,523	22,286
Gross Traffic Receipts.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
East Indian { England	3,450	3,450	3,450	3,450	3,450	3	3
India	7,10,62,672	6,74,11,071	7,08,45,143	7,61,21,110	7,71,30,117	8,10,00	8,10,00
Rajputana-Malwa System	2,81,18,427	2,49,93,926	2,19,35,587	2,54,29,995	2,81,13,465	2,80,00	2,90,00
Bhopal	2,92,862	3,46,103	3,77,177	3,95,734	3,25,637	3,60	3,60
Palampur-Deesa	39,190	31,756	28,155	31,619	37,498	40	40
Warora Colliery	6,98,956	6,74,934	5,52,948	5,51,760	5,67,646	—7	...
Bengal-Nagpur	1,35,36,367	1,45,37,860	1,65,95,948	1,98,35,177	2,54,70,343	2,75,00	2,90,00
Burma Railways	1,22,32,691	1,26,67,364	1,41,06,869	1,51,48,710	1,58,36,907	1,60,00	1,70,00
Assam-Bengal	20,92,758	21,10,110	25,87,822	29,88,285	35,20,101	46,00	47,00
Jorhat	83,310	88,476	89,205	75,720	85,825	90	90
Cherra-Companyganj	2,828	...	...	...	...	...	...
Eastern Bengal	1,76,14,290	1,75,21,934	1,87,14,401	1,92,64,510	2,14,98,671	2,55,00	2,60,00
Bengal and North-Western, and Tirhoot	99,79,539	1,02,19,920	1,21,67,584	1,28,88,240	62,01,343	70,00	70,00
Bengal Central	13,93,160	13,24,944	15,05,612	15,68,378	3,54,039	...	...
Brahmaputra-Sultanpur Branch	1,62,203	2,40,827	2,69,758	1,721	...	...	...
Oudh and Rohilkhand	1,35,20,795	1,35,27,277	1,40,12,128	1,54,69,228	1,61,80,743	1,65,00	1,70,00
Indian Midland { England	45,000	...	...	...	...	...	...
India	83,73,471	90,10,835	77,85,868	83,35,493	83,78,109	1,08,00	1,10,00
Lucknow-Bareilly	13,86,506	14,53,542	14,29,244	14,93,378	15,10,514	16,00	16,50
Hardwar-Dehra	2,27,429	2,53,685	2,65,261	2,69,354	3,19,239	3,40	3,25
North-Western	4,26,53,446	4,18,16,329	5,20,87,345	6,33,47,929	5,73,11,526	6,35,00	6,60,00
South Indian	1,03,68,269	1,09,05,420	1,21,89,359	1,27,61,620	1,29,85,262	1,34,00	1,35,00
Mysore	14,04,895	16,42,156	15,66,130	15,82,491	18,61,906	18,50	19,00
Nilgiri	...	...	2,74,905	2,90,129	3,15,491	3,20	3,40
Agra Delhi Chord	...	...	...	18,070	8,04,655	16,50	17,50
Bezwada Extension	2,64,398	3,02,442	3,07,113	3,20,656	3,47,490	3,50	3,60
North East Line, Madras Railway (East Coast, Southern Section)	46,90,260	44,53,516	46,03,446	55,91,475	65,44,160	60,00	65,00
Guntakal-Mysore Frontier	4,37,238	4,72,119	5,17,267	8,18,265	8,12,109	9,25	8,00
Tinnevely-Quilon	...	69,746	2,03,472	3,59,584	4,92,058	4,90	5,00
Mayavaram-Mutupet	2,97,287	3,31,866	4,10,936	5,47,235	5,99,483	6,00	6,20
Southern Mahratta	57,12,614	65,62,022	67,81,358	74,09,721	80,28,947	82,00	50,00
Jodhpur-Hyderabad (British Sec- tion)	4,00,599	5,05,058	5,83,491	5,90,818	8,35,698	9,25	8,50
Great Indian Peninsula	4,26,63,480	4,35,86,154	4,58,51,887	4,99,95,200	5,29,22,539	5,10,00	5,30,00
Bombay, Baroda and Central India	...	...	...	...	47,31,394	2,05,00	2,10,00
Hospet Kottur	...	...	...	...	43,427	50	90
Bellary Rayadrug	...	...	...	...	24,009	43	60
Tirrupattur-Krishnagiri	...	...	...	...	22,050	48	50
Morappur-Dharmapuri	...	...	...	...	5,767	7	40
Kalka-Simla	...	...	...	...	1,20,649	8,00	8,50
Azikhah-Mangalore	...	...	...	...	...	55	2,50
Nagda-Muttra	...	...	...	...	...	...	7,35
In England	48,450	3,450	3,450	3,450	3,450	3	...
„ India	28,91,09,940	28,70,61,392	30,86,45,419	34,35,01,605	35,44,39,717	39,00,66	40,18,63
TOTAL	28,91,58,390	28,70,64,842	30,86,48,869	34,35,05,055	35,44,43,167	39,00,69	40,18,63

(a) Includes the length of the Bengal and North-Western Railway except for 1905-1906, Revised Estimate, 1906-1907, and Budget Estimate, 1907-1908.

APPENDIX IV—continued.

	ACCOUNTS.					Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.
	1901-1902.	1902-1903.	1903-1904.	1904-1905.	1905-1906.		
<i>Working Expenses.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
East Indian	2,61,51,049	2,61,45,029	2,62,26,989	2,81,18,126	2,70,22,684	3,16,40	3,01,50
Rajputana-Malwa System	1,30,31,577	1,18,36,743	1,11,21,644	1,16,67,461	1,24,80,664	1,32,60	1,31,00
Bhopal	1,48,626	1,74,867	1,85,736	1,97,668	1,58,332	1,80	1,80
Palanpur-Deesa	25,256	25,375	21,987	19,662	14,052	18	18
Warora Colliery	4,33,330	4,44,571	3,82,076	3,75,159	3,57,688	57	...
Bengal-Nagpur	72,65,514	74,31,631	86,21,206	97,10,297	1,14,17,032	1,29,00	1,40,00
Burma Railway	73,85,882	77,32,319	89,17,418	93,93,401	96,68,947	99,84	1,02,00
Assam-Bengal	16,96,274	18,61,892	20,81,249	30,46,275	32,73,619	38,50	40,00
Jorhat	84,715	83,046	80,280	81,672	73,246	80	80
Cherra-Companyganj	7,640	...	...	...	...	9..	...
Eastern Bengal	87,19,070	88,83,728	99,98,494	99,05,097	1,19,53,967	1,34,00	1,37,50
Bengal and North-Western, and Tirhoot	74,10,199	80,26,894	87,88,628	1,01,27,727	25,79,047	27,10	27,30
Bengal Central	9,00,740	9,13,996	11,25,074	10,75,964	3,46,036	...	...
Brahmaputra-Sultanpur Branch	82,471	1,31,113	1,47,254	8,510	...	...	...
Oudh and Rohilkhand	65,83,646	65,35,525	70,31,234	81,74,262	90,12,591	92,00	1,02,00
Indian Midland	42,14,819	46,23,692	39,04,440	41,09,663	40,72,743	53,00	54,00
Lucknow-Bareilly	7,69,986	7,50,202	7,24,648	8,32,539	6,85,474	7,50	7,00
Hardwar-Dehra	1,24,969	1,47,440	1,55,680	1,57,191	1,59,619	1,70	1,63
North Western	2,22,52,333	2,42,93,882	2,64,98,970	2,91,09,608	3,04,35,792	3,30,00	3,55,00
South Indian	55,50,380	51,28,993	60,53,945	66,99,779	65,44,483	72,10	74,00
Mysore	11,27,457	11,88,564	11,03,305	11,57,652	11,17,411	11,50	11,50
Nilgiri	...	...	2,00,918	2,23,967	2,66,520	2,80	3,00
Agra Delhi Chord	...	...	...	8,079	3,85,030	8,30	8,50
Bezwada Extension	1,20,248	1,49,334	1,52,891	1,41,701	1,43,251	1,60	1,80
North East Line, Madras Railway (East Coast, Southern Section)	25,12,717	30,07,291	29,71,686	38,03,792	38,46,491	37,25	41,50
Guntakal-Mysore Frontier	3,10,308	2,92,918	3,05,337	5,12,162	4,73,857	5,50	5,00
Tinnevely-Quilon	...	29,574	89,900	1,96,312	2,45,343	2,65	2,75
Mayavaram-Mutupet	1,63,106	1,61,797	2,05,581	2,91,361	3,37,457	3,60	3,80
Southern Mahratta	44,92,654	46,99,571	48,09,622	52,29,796	49,26,716	49,20	51,50
Jodhpur-Hyderabad (British Sec- tion)	2,44,773	2,91,566	3,21,112	2,95,152	3,81,481	4,25	5,00
Great Indian Peninsula	2,05,75,278	2,24,16,610	2,34,45,061	2,47,61,525	2,50,58,635	2,50,00	2,63,00
Bombay, Baroda and Central India	...	...	...	...	19,20,153	94,10	94,00
Hospet-Kottur	...	...	...	...	46,144	50	55
Bellary-Rayadrug	...	...	...	...	27,133	38	45
Tirruppatur-Krishnagiri	...	...	...	...	25,329	48	50
Morappur-Dharmapuri	...	...	...	...	6,619	34	35
Kalka-Simla	...	...	...	...	52,877	4,50	4,50
Azikhali-Mangalore	...	...	...	...	...	25	1,50
Nagda-Muttra	...	...	...	...	...	...	3,50
TOTAL	14,23,85,017	14,74,08,163	15,56,72,365	16,94,31,560	16,95,16,463	19,14,29	19,78,41

APPENDIX IV—continued.

	ACCOUNTS.					Revised Estimate, 1906-1907.	Budget Estimate, 1907-1908.
	1901-1902.	1902-1903.	1903-1904.	1904-1905.	1905-1906.		
<i>Net Traffic Receipts.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>	<i>Rs.</i>
East Indian	4,49,15,073	4,12,69,492	4,46,21,604	4,80,06,434	5,01,10,883	4,93,63	5,08,53
Rajputana-Malwa System	1,50,86,850	1,31,57,183	1,08,13,943	1,37,62,534	1,56,32,801	1,47,40	1,59,00
Bhopal	1,44,236	1,71,236	1,91,441	1,98,066	1,67,305	1,80	1,80
Palanpur-Deesa	13,934	6,381	6,168	11,957	23,446	22	22
Warora Colliery	2,65,626	2,30,363	1,70,872	1,76,601	2,09,958	—64	...
Bengal-Nagpur	62,70,853	71,06,229	79,74,742	1,01,24,880	1,40,53,311	1,46,00	1,50,00
Burma Railways	48,46,809	49,35,045	51,89,451	57,55,309	61,67,960	60,16	68,00
Assam-Bengal	3,96,484	2,48,218	5,06,573	—57,990	2,46,482	7,50	7,00
Jorhat	—1,405	5,430	8,925	—5,952	12,579	10	10
Cherra-Companyganj	—4,812	...	...	...	...	...	...
Eastern Bengal	82,95,220	86,38,206	87,15,907	93,59,413	95,44,704	1,21,00	1,22,50
Bengal and North-Western, and Tirhoot	25,69,340	21,93,026	33,78,956	27,60,513	36,22,296	42,90	42,70
Bengal Central	4,92,420	4,10,948	3,80,538	4,92,414	8,003	...	...
Brahmaputra-Sultanpur Branch	79,732	1,09,714	1,22,504	—6,789	...	...	...
Oudh and Rohilkhand	69,37,149	69,91,752	69,80,894	72,94,966	71,68,152	73,00	68,00
Indian Midland	42,03,652	43,87,143	38,81,428	42,25,830	43,05,366	55,00	56,00
Lucknow-Bareilly	6,16,520	7,03,340	7,04,596	6,60,839	9,25,040	8,50	9,50
Hardwar-Dehra	1,02,460	1,06,245	1,09,581	1,12,163	1,59,620	1,70	1,62
North Western	2,04,01,113	1,75,22,447	2,55,88,375	3,42,38,321	2,68,75,734	3,05,00	3,05,00
South Indian	48,17,889	57,76,427	61,35,414	60,61,841	64,40,779	61,90	61,00
Mysore	2,77,438	4,53,592	4,62,825	4,24,839	7,44,495	7,00	7,50
Nilgiri	...	...	73,987	66,162	48,971	40	40
Agra Delhi Chord	...	...	...	9,991	4,19,625	8,20	9,00
Bezwada Extension	1,44,150	1,53,108	1,54,222	1,78,955	2,04,239	1,90	1,80
North East line, Madras Railway (East Coast, Southern Section)	21,77,543	14,46,225	16,31,760	17,87,683	26,97,669	22,75	23,50
Guntakal-Mysore Frontier	1,26,930	1,79,201	2,11,930	3,06,103	3,38,252	3,75	3,00
Tinnevely-Quilon	...	40,172	1,13,572	1,63,272	2,46,715	2,25	2,25
Mayavaram-Mutupet	1,34,181	1,70,069	2,05,355	2,55,874	2,62,026	2,40	2,40
Southern Mahratta	12,19,960	18,62,451	19,71,736	21,79,925	31,02,231	32,80	33,50
Jodhpur-Hyderabad (British Sec- tion)	1,55,826	2,13,492	2,62,379	2,95,666	4,54,217	5,00	3,50
Great Indian Peninsula	2,20,88,202	2,11,69,544	2,24,06,826	2,52,33,675	2,78,63,904	2,60,00	2,67,00
Bombay, Baroda and Central India	...	...	...	...	28,11,241	1,10,90	1,16,00
Hospet-Kottur	...	...	...	...	—2,717	...	35
Bellary-Rayadrug	...	...	...	...	—3,124	5	15
Tirrupattur-Krishnagiri	...	...	...	...	—2,379	...	...
Morappur-Dharmapuri	...	...	...	...	—852	3	5
Kalka-Simla	...	...	...	...	67,772	3,50	4,00
Azikhal-Mangalore	...	...	...	...	...	30	1,00
Nagda-Muttra	...	...	...	...	...	...	3,85
TOTAL	14,67,73,373	13,96,56,679	15,29,76,504	17,40,73,495	18,49,26,704	19,86,40	20,40,22

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table IV.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1905-06, with Revised Estimates for 1906-07, and Budget Estimates for 1907-08.

	ACTUALS.					Revised Estimate, 1906-07.	Budget Estimate, 1907-08.
	1901-02.	1902-03.	1903-04.	1904-1905.	1905-06.		
DIRECT RECEIPTS—	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Mandalay canal . . .	...	17,803	79,048	70,695	2,03,313	2,32,000	2,42,000
Orissa canals . . .	3,49,006	4,05,592	4,29,897	3,88,900	4,61,355	4,96,000	4,80,000
Midnapur canal . . .	2,40,992	2,24,150	2,20,343	2,06,215	2,10,623	1,77,000	1,79,000
Hijili Tidal canal . . .	47,942	41,050	42,334	45,242	70,448	74,000	67,000
Sone canals . . .	11,38,971	14,50,516	13,28,315	14,05,810	13,96,628	14,65,000	14,68,000
Ganges canal . . .	28,27,161	35,23,554	32,95,743	34,46,755	30,14,166	46,24,000	40,43,000
Lower Ganges canal . . .	19,96,655	22,82,197	23,40,320	24,98,352	21,49,299	27,52,000	23,92,000
Ditto, Fatehpur Branch . . .	80,380	1,35,186	2,46,399	2,82,584	1,62,015	3,04,000	3,53,000
Agra canal . . .	6,65,736	8,80,933	8,37,371	8,91,284	5,20,038	10,26,000	9,77,000
Eastern Jumna canal . . .	11,79,374	13,53,857	11,92,809	13,02,309	10,69,416	16,15,000	13,95,000
Betwa canal . . .	75,562	1,06,859	1,42,688	1,72,992	1,94,969	2,50,000	1,30,000
Western Jumna canal . . .	21,84,804	23,61,573	24,09,698	27,34,556	27,58,415	22,00,000	19,50,000
Lower Chenab canal . . .	53,47,867	62,03,439	72,17,299	73,38,371	65,97,316	72,30,000	71,00,000
Upper Bari Doab canal . . .	28,52,395	32,97,204	33,03,413	33,35,459	31,84,267	35,95,000	33,50,000
Sirhind canal . . .	23,15,816	27,82,581	27,41,580	28,05,001	27,06,842	31,74,000	29,00,000
Lower Jhelum canal . . .	...	24,104	2,83,611	4,73,231	7,78,857	13,15,000	17,00,000
Indus Inundation canals . . .	...	...	1,36,764	1,07,344	1,62,950	1,50,000	1,50,000
Lower Swat River canal . . .	4,57,845	4,82,394	5,10,505	4,82,779	4,39,630	5,16,000	5,00,000
Godavari Delta System . . .	1,10,381	1,04,532	1,07,943	1,11,389	1,12,357	1,13,000	1,13,000
Kistna " " . . .	70,850	78,578	86,005	70,184	70,866	71,000	71,000
Pennér River canals " . . .	3,512	1,938	1,602	1,890	2,586	3,000	3,000
Periyar Project . . .	1,615	2,168	3,017	2,547	3,926	3,000	3,000
Cauvery Delta System . . .	1,664	3,315	3,148	1,432	1,325	1,000	2,000
Rushikulya Project . . .	5,084	2,811	1,958	751	785	1,000	1,000
Desert canal . . .	48,290	53,023	49,541	1,52,059	1,07,205	1,16,000	1,21,000
Begari " . . .	47,713	44,956	18,496	67,498	42,801	43,000	46,000
Eastern Nara Works . . .	27,154	26,578	26,025	36,094	45,229	43,000	50,000
Mutha canals . . .	2,95,926	2,98,645	3,27,935	2,70,328	3,70,380	3,36,000	3,63,000
Nira canal . . .	2,28,058	2,31,616	2,54,754	1,23,191	1,66,203	2,46,000	2,61,000
Jamrao canal . . .	5,128	43,686	1,70,160	1,46,572	1,25,359	16,000	11,000
Other projects . . .	7,87,784	7,79,181	9,91,678	10,63,157	9,07,673	13,08,000	13,06,000
TOTAL	2,33,93,665	2,72,44,019	2,88,00,449	2,99,14,971	2,80,37,332	3,34,95,000*	3,17,27,000*
PORTION OF LAND REVENUE DUE TO IRRIGATION—							
Mandalay canal . . .	...	4,619	13,748	19,216	16,944	20,000	22,000
Ganges canal . . .	8,26,342	8,72,442	8,93,659	9,05,865	9,10,288	9,10,000	9,10,000
Lower Ganges canal . . .	2,09,586	2,09,586	2,65,747	3,04,245	3,73,152	3,73,000	3,73,000
Eastern Jumna " . . .	2,52,041	2,53,952	2,53,952	2,53,952	2,53,952	2,54,000	2,54,000
Lower Chenab canal . . .	10,46,645	10,56,041	11,38,868	13,63,773	11,28,751	11,50,000	11,50,000
Upper Bari Doab canal . . .	2,36,603	2,38,756	2,49,263	2,61,668	2,99,249	2,80,000	2,50,000
Lower Jhelum " . . .	...	13,706	60,465	12,724	81,613	2,00,000	3,00,000
Indus Inundation canals . . .	...	...	2,69,918	2,71,538	2,73,536	2,83,000	2,70,000
Lower Swat River canal . . .	44,580	47,284	55,240	51,248	48,672	50,000	50,000
Godavari Delta System . . .	30,93,882	29,68,262	29,15,810	32,74,398	34,27,101	34,10,000	34,10,000
Kistna " " . . .	27,42,392	27,25,450	25,13,947	29,23,231	29,64,950	29,95,000	29,95,000
Pennér River canals " . . .	3,69,205	3,70,918	3,77,049	85,518	4,24,710	4,25,000	4,25,000
Periyar Project . . .	4,43,315	4,56,571	4,51,757	4,73,813	4,85,029	4,91,000	5,05,000
Cauvery Delta System . . .	9,25,995	9,21,373	9,14,310	9,20,194	9,29,106	9,35,000	9,35,000
Rushikulya Project . . .	95,844	94,832	90,318	97,589	1,05,745	1,07,000	1,08,000
Desert canal . . .	1,39,985	1,41,889	1,59,159	1,64,772	2,67,063	2,89,000	2,73,000
Begari " . . .	3,34,669	3,14,732	3,72,424	3,15,487	4,41,417	4,89,000	4,91,000
Eastern Nara Works . . .	4,49,513	4,93,647	5,00,159	5,08,482	6,31,933	6,21,000	7,74,000
Mutha canals . . .	8,085	8,063	10,113	6,459	11,391	...	...
Nira canal . . .	11,310	11,465	12,615	6,036	8,104	...	...
Jamrao canal . . .	4,21,049	4,97,692	4,79,936	5,08,190	7,80,961	7,67,000	9,46,000
Other projects . . .	5,88,706	5,53,665	7,25,079	6,95,335	7,06,410	9,05,000	10,35,000
TOTAL	1,22,00,957	1,22,15,889	1,25,57,090	1,33,98,743	1,45,31,687	1,49,54,000	1,54,76,000

* Excluding Civil officers' figures as under:—

	Revised, Rs.	Budget, Rs.
United Provinces . . .	3,65,000	2,40,000
Punjab . . .	13,43,000	13,21,000
Total . . .	17,08,000	15,61,000

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1905-06, with Revised Estimates for 1906-07, and Budget Estimates for 1907-08—continued.

	ACTUALS.					Revised Estimate, 1906-07.	Budget Estimate, 1907-08.
	1901-02.	1902-03.	1903-04.	1904-1905.	1905-06.		
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
TOTAL REVENUE—							
Mandalay canal . . .	...	22,422	92,796	89,911	2,20,257	2,52,000	2,64,000
Orissa canals . . .	3,49,006	4,05,592	4,29,897	3,88,000	4,61,355	4,96,000	4,80,000
Midnapur canal . . .	2,40,992	2,24,150	2,20,343	2,06,215	2,10,623	1,77,000	1,79,000
Hijili Tidal canal . . .	47,942	41,050	42,334	45,242	70,448	74,000	67,000
Sone canals . . .	11,38,971	14,50,516	13,28,315	14,05,810	13,06,628	14,65,000	14,68,000
Ganges canal . . .	36,53,503	43,95,996	41,89,402	43,52,620	39,24,454	55,34,000	49,53,000
Lower Ganges canal . . .	22,06,241	24,91,783	26,06,067	28,02,597	25,22,451	31,25,000	27,65,000
Ditto Fatehpur Branch . . .	80,380	1,35,186	2,46,399	2,82,584	1,62,015	3,04,000	3,53,000
Agra canal . . .	6,65,736	8,80,933	8,37,371	8,91,284	5,20,088	10,26,000	9,77,000
Eastern Jumna canal . . .	14,31,415	16,07,809	14,46,761	15,56,261	13,23,368	18,69,000	16,49,000
Betwa canal . . .	75,562	1,06,859	1,42,688	1,72,992	1,94,969	2,50,000	1,30,000
Western Jumna canal . . .	21,84,804	23,61,573	24,09,698	27,34,556	27,58,415	22,00,000	19,50,000
Lower Chenab canal . . .	63,94,512	72,59,480	83,56,107	87,02,144	77,26,067	83,80,000	82,53,000
Upper Bari Doab canal . . .	30,88,998	35,35,960	35,52,676	35,97,127	34,83,516	38,75,000	36,00,000
Sirhind canal . . .	23,15,816	27,82,581	27,41,580	26,85,001	27,06,842	31,74,000	29,00,000
Lower Jhelum canal . . .	...	37,810	2,23,146	4,85,955	8,60,450	15,15,000	20,00,000
Indus Inundation canals . . .	...	...	4,06,682	3,78,882	4,56,486	4,33,000	4,20,000
Lower Swat River canal . . .	5,02,425	5,29,678	5,65,745	5,34,027	4,88,302	5,66,000	5,50,000
Godavari Delta System . . .	32,04,263	30,72,794	30,23,753	33,85,787	35,39,458	35,23,000	35,23,000
Kistna " " . . .	28,13,242	28,04,028	25,99,952	29,93,417	30,35,816	30,66,000	30,66,000
Pennér River canals " " . . .	3,72,717	3,72,856	3,78,651	87,408	4,27,296	4,28,000	4,28,000
Periyar Project . . .	4,44,930	4,58,739	4,54,771	4,70,360	4,88,955	4,94,000	5,08,000
Cauvery Delta System . . .	9,27,659	9,24,688	9,17,458	9,21,626	9,30,431	9,36,000	9,37,000
Rushikulya Project . . .	1,00,928	97,643	92,276	98,340	1,06,530	1,08,000	1,09,000
Desert canal " " . . .	1,88,275	1,94,912	2,08,750	3,16,831	3,74,868	4,05,000	3,94,000
Begari " " . . .	3,82,382	3,59,688	3,90,920	3,82,985	4,84,278	5,32,000	5,37,000
Eastern Nara Works . . .	4,76,667	5,20,225	5,26,184	5,44,576	6,77,162	6,64,000	8,24,000
Mutha canals . . .	2,87,841	2,90,582	3,17,822	2,63,869	3,58,989	3,36,000	3,63,000
Nira canal . . .	2,16,748	2,20,151	2,42,139	1,17,155	1,58,099	2,46,000	2,61,000
Jamrao canal . . .	4,26,177	5,41,378	6,50,096	6,54,762	9,00,320	7,83,000	9,57,000
Other projects . . .	13,76,490	13,32,846	17,16,757	17,58,492	16,14,083	22,13,000	23,41,000
TOTAL	3,55,94,622	3,94,40,245	4,13,57,539	4,33,13,714	4,25,69,019	4,84,49,000	4,72,03,000
WORKING EXPENSES—							
Mandalay canal . . .	...	30,312	92,027	75,301	99,165	82,000	90,000
Orissa canals . . .	3,95,100	3,61,432	3,57,837	3,18,396	3,53,817	3,47,000	3,45,000
Midnapur canal . . .	1,61,668	1,44,522	1,41,042	1,31,362	1,42,981	1,47,000	1,58,000
Hijili Tidal canal . . .	28,658	34,685	23,805	47,652	45,518	50,000	41,000
Sone canals . . .	5,47,210	5,27,716	4,94,357	4,90,595	4,75,823	5,84,000	5,56,000
Ganges canal . . .	10,57,425	11,20,924	10,00,807	11,87,448	12,48,073	12,55,000	11,55,000
Lower Ganges canal . . .	10,49,948	10,56,724	11,35,205	10,28,308	9,38,717	10,22,000	10,55,000
Ditto, Fatehpur Branch . . .	1,26,995	1,21,579	1,33,566	1,27,412	1,28,022	1,48,000	1,41,000
Agra canal . . .	2,60,131	2,52,836	2,60,904	2,77,508	2,88,274	3,14,000	2,80,000
Eastern Jumna canal . . .	4,65,063	5,15,809	4,33,254	4,47,027	3,99,509	4,53,000	3,99,000
Betwa canal . . .	1,01,852	1,22,892	1,08,458	1,24,821	1,33,784	1,24,000	1,07,000
Western Jumna canal . . .	8,65,175	8,17,970	8,47,358	9,33,606	10,32,192	10,86,000	8,70,000
Lower Chenab canal . . .	12,86,828	13,15,846	16,73,711	16,90,071	17,37,856	18,04,000	17,35,000
Upper Bari Doab canal . . .	8,40,911	9,64,870	9,95,494	11,29,036	11,62,570	12,50,000	12,00,000
Sirhind canal . . .	7,93,513	8,35,067	8,47,146	9,19,230	8,68,842	10,49,000	8,60,000
Lower Jhelum canal . . .	20,046	1,42,414	2,78,982	4,74,667	6,61,147	7,50,000	6,95,000
Indus Inundation canals . . .	...	...	2,93,174	2,22,829	3,21,049	3,25,000	3,20,000
Lower Swat River canal . . .	86,856	80,111	97,710	1,17,878	83,924	1,20,000	1,09,000
Godavari Delta System . . .	6,09,464	5,70,647	6,07,601	6,96,655	7,52,964	6,78,000	6,50,000
Kistna " " . . .	5,11,894	4,96,071	6,42,508	7,34,128	6,80,810	6,39,000	5,90,000
Pennér River canals " " . . .	43,643	55,091	74,963	76,498	87,180	75,000	76,000
Periyar Project . . .	98,493	1,26,351	95,726	91,707	98,514	1,12,000	1,16,000
Cauvery Delta System . . .	36,746	44,048	45,482	65,442	67,864	1,02,000	1,05,000
Rushikulya Project . . .	64,377	66,003	55,532	59,376	47,713	73,000	67,000
Desert canal . . .	56,722	99,246	1,19,526	1,22,881	1,38,793	1,21,000	1,09,000
Begari " " . . .	60,329	87,067	75,250	85,912	1,01,404	85,000	72,000
Eastern Nara Works . . .	98,001	84,196	78,255	1,26,737	1,02,972	1,03,000	1,17,000
Mutha canals . . .	74,943	1,22,653	85,913	95,461	89,636	86,000	82,000
Nira canal . . .	44,229	43,591	47,868	60,394	65,782	62,000	57,000
Jamrao canal . . .	1,52,889	2,18,286	2,09,931	3,15,472	2,95,237	2,52,000	2,91,000
Other projects . . .	5,89,696	8,60,204	8,07,876	8,43,402	8,16,255	9,50,000	15,08,000
TOTAL	1,05,28,805	1,13,19,158	1,21,61,268	1,31,29,212	1,34,67,347	1,42,17,000	1,39,56,000

* Excluding Civil officers' figures as under:—

	Revised.	Budget.
	Rs.	Rs.
United Provinces . . .	20,000	19,000
Punjab . . .	14,000	7,000
Total	34,000	26,000

APPENDIX IV—continued.

COMMERCIAL AND FINANCIAL STATISTICS.

Table VI.—Gross receipts, working expenses, and net earnings of Irrigation—Major Works, for five years ending 1905-06, with Revised Estimates for 1906-07, and Budget Estimates for 1907-08—concluded.

	ACTUALS.					Revised Estimate, 1906-07.	Budget Estimate, 1907-08.
	1901-02.	1902-03.	1903-04.	1904-1905.	1905-06.		
NET REVENUE—	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Mandalay canal . . .	...	—7,890	769	14,610	1,21,092	1,70,000	1,74,000
Orissa canals . . .	—46,094	44,160	72,060	70,504	1,07,538	1,49,000	1,35,000
Midnapur canal . . .	79,324	79,628	79,301	74,853	67,642	30,000	21,000
Hijili Tidal canal . . .	19,284	6,365	18,529	—2,410	24,930	24,000	26,000
Sone canals . . .	5,91,761	9,22,800	8,33,958	9,15,215	9,20,805	8,81,000	9,12,000
Ganges canal . . .	25,96,078	32,75,072	31,88,595	31,65,172	26,75,481	42,79,000	37,98,000
Lower Ganges canal . . .	11,56,293	14,35,058	14,70,862	17,74,289	15,83,734	21,03,000	17,10,000
Ditto, Fatehpur Branch . . .	—46,615	13,607	1,12,833	1,55,172	33,993	1,56,000	2,12,000
Agra canal . . .	4,05,605	6,28,097	5,76,467	6,13,776	2,31,814	7,12,000	6,97,000
Eastern Jumna canal . . .	9,66,352	10,92,000	10,13,507	11,09,234	9,23,799	14,16,000	12,50,000
Betwa canal . . .	—26,290	—16,033	34,230	48,171	61,185	1,26,000	23,000
Western Jumna canal . . .	13,19,629	15,43,603	15,62,340	18,00,950	17,26,223	11,14,000	10,80,000
Lower Chenab canal . . .	51,07,684	59,43,634	66,82,396	70,06,073	59,88,211	65,76,000	65,15,000
Upper Bari Doab canal . . .	22,48,087	25,71,090	25,57,182	24,68,091	23,20,946	26,25,000	24,00,000
Sirhind canal . . .	15,22,303	19,47,519	18,94,434	17,65,771	18,38,000	21,25,000	20,40,000
Lower Jhelum canal . . .	—20,046	—1,04,604	—55,836	11,288	1,99,303	7,65,000	13,05,000
Indus Inundation canals . . .	...	...	1,13,508	1,56,053	1,15,437	1,08,000	1,00,000
Lower Swat River canal . . .	4,15,569	4,49,567	4,68,035	4,16,149	4,04,378	4,37,000	4,41,000
Godavari Delta System . . .	25,94,799	25,02,147	24,16,152	26,89,132	27,86,494	28,83,000	28,73,000
Kistna " " . . .	23,01,348	23,07,957	19,57,444	22,59,287	23,55,006	24,27,000	24,76,000
Pennér River canals " " . . .	3,29,074	3,17,765	3,03,688	10,910	3,40,116	3,53,000	3,52,000
Periyar Project . . .	3,46,437	3,32,388	3,59,048	3,84,653	3,90,441	3,82,000	3,92,000
Cauvery Delta System . . .	8,90,913	8,80,640	8,71,976	8,56,184	8,62,567	8,34,000	8,32,000
Rushikulya Project . . .	36,551	31,640	36,744	38,964	58,817	35,000	42,000
Desert canal . . .	1,31,553	95,666	89,224	1,93,950	2,36,075	2,84,000	2,85,000
Begari " " . . .	3,22,053	2,72,621	3,15,670	2,97,073	3,82,874	4,47,000	4,65,000
Eastern Nara Works . . .	3,78,666	4,36,029	4,47,929	4,17,839	5,74,190	5,61,000	7,07,000
Mutha canals . . .	2,12,898	1,67,929	2,31,909	1,68,408	2,69,353	2,50,000	2,81,000
Nira canal . . .	1,72,519	1,76,560	1,94,271	50,761	92,317	1,84,000	2,04,000
Jamrao canal . . .	2,73,288	3,23,092	4,40,165	3,39,290	6,11,083	5,31,000	6,66,000
Other projects . . .	7,86,794	4,72,642	9,08,881	9,15,090	7,97,828	12,63,000	8,33,000
TOTAL	2,50,65,817	2,81,40,750	2,91,96,271	3,01,84,502	2,91,01,672	3,42,32,000	3,32,47,000

FINANCIAL STATEMENT OF THE

APPENDIX IV—continued.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS.

Actuals, 1905-1906.

RAILWAYS.		Amount in Rupees.	Amount in sterling at contract rates.	Equivalent at Rs. 15=£1.	Exchange.
GUARANTEED RAILWAYS.		R	£	R	R
RECEIPTS.					
Madras		61,17,428	560,764	84,11,464	—22,94,036
Bombay, Baroda and Central India		38,48,421	256,561	38,48,421	...
	TOTAL	99,65,849	817,325	1,22,59,885	—22,94,036
ADVANCES.					
Madras		44,72,606	409,989	61,49,833	—16,77,227
Madras Extensions		2,464	164	2,464	...
Bombay, Baroda and Central India		—1,28,59,358	—857,291	—1,28,59,358	...
	TOTAL	—83,84,288	—447,138	—67,07,061	—16,77,227
NET RECEIPTS.					
Madras		16,44,822	150,775	22,61,631	—6,16,809
Madras Extensions		—2,464	—164	—2,464	...
Bombay, Baroda and Central India		1,67,07,779	1,113,852	1,67,07,779	...
	TOTAL	1,83,50,137	1,264,463	1,89,66,946	—6,16,809
SUBSIDIZED RAILWAYS.					
RECEIPTS.					
Capital received in India.	Amritsar-Patti	7,20,000	48,000	7,20,000	...
	Ahmedabad-Dholka	6,000	400	6,000	...
	Ahmedabad-Parantij	5,000	333	5,000	...
	Hardwar-Dehra	...	...	...	...
	Mymensingh-Jamalpur-Jagannathganj	35,000	2,333	35,000	...
	Tapti Valley	5,000	334	5,000	...
	TOTAL RECEIPTS	7,71,000	51,400	7,71,000	...
WITHDRAWALS IN INDIA.					
Assam-Bengal		—28,62,847	—190,856	—28,62,847	...
Bengal Central		—77,70,530	—518,036	—77,70,530	...
Bengal-Nagpur		2,52,507	16,833	2,52,507	...
Ditto Extensions		56,57,635	377,176	56,57,635	...
Burma		9,29,059	61,937	9,29,059	...
Indian Midland		6,54,749	43,650	6,54,749	...
Ditto Saugor-Katni		1,47,922	86 1	1,47,922	...
Lucknow-Bareilly		—58,565	—3,904	—58,565	...
Mysore		1,02,828	7,683	1,15,238	—12,410
Southern Mahratta		—10,48,073	—76,362	—11,45,426	97,353
		—39,95,315	—272,018	—40,80,258	84,943
Amritsar-Patti		6,33,762	42,251	6,33,762	...
Ahmedabad-Dholka		12,771	851	12,771	...
Ahmedabad-Parantij		3,658	244	3,658	...
Hardwar-Dehra		3,532	235	3,532	...
Mymensingh-Jamalpur-Jagannathganj		43,937	2,929	43,937	...
South Behar		3,535	236	3,535	...
Tapti Valley		—3,527	—241	—3,627	...
		6,97,558	46,505	6,97,568	...
	TOTAL WITHDRAWALS	—32,97,747	—225,513	—33,82,600	84,943
	Net Withdrawals	—40,68,747	—276,913	—41,53,690	84,943
GUARANTEED AND SUBSIDIZED RAILWAYS.					
	Net Withdrawals	—2,24,18,884	—1,541,376	—2,31,20,636	7,01,752

APPENDIX IV—continued.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS
—continued.

Revised Estimate, 1906-1907.

RAILWAYS.	Amount in Rupees. (Omitting 000.)	Amount in sterling at contract rates. (Omitting 00.)	Equivalent at Rs. 15=£ 1. (Omitting 000.)	Exchange. (Omitting 000.)
	R	£	R	R
GUARANTEED RAILWAYS.				
RECEIPTS.				
Madras	67,21	616,0	92,41	—25,20
Bombay, Baroda and Central India	3	2	3	...
TOTAL	67,24	616,2	92,44	—25,20
ADVANCES.				
Madras	49,50	453,7	68,06	—18,56
Madras Extensions	12	8	12	...
Bombay, Baroda and Central India	11	7	11	...
TOTAL	49,73	455,2	68,29	—18,56
NET RECEIPTS.				
Madras	17,71	162,3	24,35	—6,64
Madras Extensions	—12	—8	—12	...
Bombay, Baroda and Central India	—8	—5	—8	...
TOTAL	17,51	161,0	24,15	—6,64
SUBSIDIZED RAILWAYS.				
RECEIPTS. °				
Capital received in India, { Ahmedabad-Dholka	55	3,7	55	...
{ Ahmedabad-Parantij	9	6	9	...
{ Amritsar-Patti	6,60	44,0	6,60	...
{ Hardwar-Dehra	7	4	7	...
{ Mymensingh-Jamalpur-Jagannathganj	42	2,8	42	...
{ Tapti Valley	...	...	...	...
TOTAL RECEIPTS	7,73	51,5	7,73	...
WITHDRAWALS IN INDIA.				
Assam Bengal	—13,23	—88,2	—13,23	...
Bengal-Nagpur	3,93	26,2	3,93	...
Ditto Extensions	64,07	427,1	64,07	...
Burma	22,05	147,0	22,05	...
Indian Midland	11,50	76,6	11,50	...
Ditto Extensions	42	2,8	42	...
Lucknow-Bareilly	31	2,1	31	...
Mysore	2,82	21,0	3,15	—33
Southern Mahratta	—13,46	—89,7	—13,46	...
	78,41	524,9	78,74	—33
Ahmedabad-Dholka	50	3,3	50	...
Ahmedabad-Parantij	10	7	10	...
Amritsar-Patti	7,46	49,7	7,46	...
Hardwar-Dehra	4	3	4	...
Mymensingh-Jamalpur-Jagannathganj	43	2,9	43	...
South Behar	—3	—2	—3	...
Tapti Valley	6	4	6	...
	8,56	57,1	8,56	...
TOTAL WITHDRAWALS	86,97	582,0	87,30	—33
Net Withdrawals	79,24	530,5	79,57	—33
GUARANTEED AND SUBSIDIZED RAILWAYS.				
Net Withdrawals	61,73	369,5	55,42	0,31

FINANCIAL STATEMENT OF THE

APPENDIX IV—concluded.

TABLE VII.—CAPITAL ACCOUNT OF GUARANTEED AND SUBSIDIZED RAILWAYS
—concluded.

Budget Estimate, 1907-1908.

RAILWAYS.	Amount in Rupees. (Omitting 000.)	Amount in sterling at contract rates. (Omitting 000.)	Equivalent at Rs. 15=£1. (Omitting 000.)	Exchange. (Omitting 000.)
GUARANTEED RAILWAYS.				
RECEIPTS.				
Madras	1,21,50	1,113,7	1,67,06	- 45,56
ADVANCES.				
Madras	97,85	897,0	1,34,55	- 36,70
Madras Extensions	40	2,7	40	...
TOTAL	98,25	899,7	1,34,95	- 36,70
NET RECEIPTS.				
Madras	23,65	216,7	32,51	- 8,86
Madras Extensions	40	2,7	40	...
TOTAL	23,25	214,0	32,11	- 8,86
SUBSIDIZED RAILWAYS.				
RECEIPTS.				
CAPITAL RECEIVED IN INDIA.				
Ahmedabad-Dholka	24	1,6	24	...
Ahmedabad-Parantij	25	1,7	25	...
Amritsar-Patti	...	...	...	...
Hardwar-Dehra	30	2,0	30	...
Mymensingh-Jamalpur-Jagannathganj	1,38	9,2	1,38	...
Tapti Valley	14	9	14	...
TOTAL RECEIPTS	2,31	15,4	2,31	...
WITHDRAWALS IN INDIA.				
Assam-Bengal	- 16,46	- 119,7	- 16,46	...
Bengal Nagpur	- 17,51	- 116,7	- 17,51	...
Ditto Extensions	53,42	356,1	53,42	...
Burma	12,64	84,2	12,64	...
Indian Midland	23,94	159,6	24,36	...
Ditto Extension	42	2,8	...	...
Lucknow-Bareilly	2,75	18,3	2,75	...
Mysore	...	...	...	...
Southern Mahratta	- 23,90	- 159,3	- 23,90	...
	35,30	235,3	35,30	...
Ahmedabad-Dholka	24	1,6	24	...
Ahmedabad-Parantij	25	1,7	25	...
Amritsar-Patti	...	...	...	...
Hardwar-Dehra	30	2,0	30	...
Mymensingh-Jamalpur-Jagannathganj	1,38	9,2	1,38	...
South Behar	2	1	2	...
Tapti Valley	20	1,3	20	...
	2,39	15,9	2,39	...
TOTAL WITHDRAWALS	37,69	251,2	37,69	...
Net Withdrawals	55,38	235,8	35,38	...
GUARANTEED AND SUBSIDIZED RAILWAYS.				
Net Withdrawals	12,13	21,8	3,27	8,86

PROCEEDINGS OF THE COUNCIL OF THE GOVERNOR GENERAL OF INDIA,
ASSEMBLED FOR THE PURPOSE OF MAKING LAWS AND REGULATIONS,
UNDER THE PROVISIONS OF THE INDIAN COUNCILS ACTS,
1861 AND 1892 (21 & 25 VICT., C. 67, I
AND 55 & 56 VICT., C. 14).

The Council met at Government House, Calcutta, on Wednesday, the 27th March 1907.

PRESENT :

His Excellency the Earl of Minto, P.C., G.C.M.G., G.M.S.I., G.M.I.E., Viceroy and Governor General of India, *presiding*.
His Honour Sir A. H. L. Fraser, K.C.S.I., Lieutenant-Governor of Bengal.
His Excellency General Viscount Kitchener of Khartoum, G.C.B., O.M., G.C.M.G., Commander-in-Chief in India.
The Hon'ble Mr. H. Erle Richards, K.C.
The Hon'ble Mr. E. N. Baker, C.S.I.
The Hon'ble Major-General C. H. Scott, C.B., R.A.
The Hon'ble Sir Harvey Adamson, K.T., C.S.I.
The Hon'ble Mr. J. F. Finlay, C.S.I.
The Hon'ble Mr. J. O. Miller, C.S.I.
The Hon'ble Mr. Gopal Krishna Gokhale, C.I.E.
The Hon'ble Mr. A. A. Apcar, C.S.I.
The Hon'ble Mr. S. Ismay, C.S.I.
The Hon'ble Mr. W. T. Hall, C.S.I.
The Hon'ble Nawab Bahadur Khwaja Salimulla of Dacca, C.S.I.
The Hon'ble Nawab Saiyid Muhammad Sahib Bahadur.
The Hon'ble Sir Rameshwara Singh, K.C.I.E., Maharaja Bahadur of Darbhanga.
The Hon'ble Munshi Madho Lal.
The Hon'ble Mr. Gangadhar Rao Madhav Chitnavis, C.I.E.
The Hon'ble Sir S. W. Edgerley, K.C.V.O., C.I.E.
The Hon'ble Mr. H. W. W. Reynolds.
The Hon'ble Mr. F. A. Slacke.
The Hon'ble Mr. H. A. Sim, C.I.E.
The Hon'ble Tikka Sahib Ripudaman Singh of Nabha.
The Hon'ble Dr. Rashbehary Ghose, C.I.E., D.L.

DISCUSSION OF THE FINANCIAL STATEMENT FOR 1907-1908.

The Hon'ble Dr. RASHBEHARY GHOSE said :—" Your Excellency, I cannot open the debate without congratulating the Government of India on the reduction of the salt-tax. This great boon, I am sure, will be much appreciated in millions of Indian homes where even common salt is regarded as something in the nature of a luxury. In lightening the salt-tax the Government have lightened, in some small measure, the hard destiny of the toiling masses who constitute the real people and who ought to be their first care. The successive reductions of the duty have all been steps in the right direction. But the greatest still remains behind—the total repeal of a tax which is such a heavy burden on those who are the least able to sustain it. We all hope that crowning step will be taken by Your Excellency before you lay down your high office. By repealing this obnoxious tax Your Lordship would add fresh lustre to a historic name which would then be cherished by us with the same affectionate veneration with which the name of Aurelian, who gave the people free salt, was cherished by the citizens of the Roman Empire.

"The remarkable stimulus imparted to the consumption of one of the first necessities of life by the recent reductions in the salt-tax of which the Finance Minister spoke on Wednesday last is to my mind a conclusive argument against the retention of an impost which falls so heavily on the hunger-stricken masses. Speaking in 1903, my Hon'ble friend Mr. Gokhale said that the consumption of salt was not even ten pounds per head, whereas the highest medical opinion lays down twenty pounds per head as the standard for healthful existence. But this standard will not be reached till the tax is completely wiped out ; though it may be said that where food is not over-abundant, the consumption of salt need not be so high as twenty pounds. The Hon'ble Finance Member observed, in defence, I presume, of the retention of the tax on salt, that it is the only

[*Dr. Rashbehary Ghose.*]

contribution towards the public expenditure that is made by a large number of the people. My Hon'ble friend Mr. Gokhale, I know, does not admit the correctness of this statement. I hope Mr. Gokhale is right ; for, if the Hon'ble Finance Member's assertion is well founded, what does it show ? It only shows the hopeless, the unspeakable, poverty of the masses in India.

" My Lord, with the dark shadow hanging over our opium-revenue, the total repeal of the duty may seem to be a bold or even a rash step to take. There is, however, a well-known saying about threatened men, and I believe this will hold good of our trade in opium with China. But if the government of the country cannot be carried on without the revenue derived from salt, I would suggest the imposition in its stead of a succession-duty on the estates of deceased Hindus and Muhammadans.

" Our best acknowledgments are also due to Government for the provision which has been made in the Budget under review for enabling Local Administrations to meet a famine immediately without being obliged to do so with their own limited resources. The new scheme promises to relieve the various Local Governments of the strain on their exchequer when they are threatened with a famine. Under this system the greater part of the burden would fall on the Imperial revenues. But the real problem before the Government is not to meet a famine by doles, but to avert it. This can only be done by lightening the burden of taxation, by the construction of irrigation canals, the spread of improved methods of agriculture, the encouragement of manufacturing industries, and the growth of intelligence among the people by means of education. Without these neither Agriculturists' Relief Acts nor Land Alienation Acts would avert those terrible visitations which many intelligent foreigners regard as a standing reproach to the Government of the country. The evolution of the Famine Code may be a very excellent thing, but the evolution of agriculture and manufacturing industry would be more welcome. A hungry people, my Lord, can never be a very contented people, for hunger is a mischievous counsellor, more mischievous than the most pestilent agitator or the most vocal loyalist whom it requires Ithuriel's spear to unmask.

" My Lord, it may be, as we have been told, that no Government in the world except the British is capable of doing what Britain is able to do in India in famine time, and that no Government that might be substituted for the British would attempt to undertake such a task. But the world and its Governments are rather censorious and might be tempted to ask awkward questions when Indian famines are made to adorn a peroration or to point what to an English audience must be an obvious moral. Every school boy knows the story of Aristides and the Athenians.

" I have no desire, my Lord, to play the part of the pessimist who refuses to be comforted. But though the youngest member here present, I am no longer young in years and have lost the robust optimism and together with it some of the illusions of the springtide. Trade returns and increasing revenues, like all statistics, may be made to tell a flattering tale, but the frequent recurrence of famines is an undeniable fact which is not adequately explained by rhetorical phrases about wresting the keys of the universe from Providence, and when I think in this Council chamber of my famished countrymen, I seem almost to hear their piteous cries which are as the ' moaning of the midnight sea ', and am unpleasantly reminded of a passage in Heine in which that rather strident mocker describes the dismay of the Olympian gods at a ghastly sight on which I may not be more explicit ; for this somewhat erratic genius who was engaged all his life in doing battle manfully with Philistinism did not write for the parsonage or the drawing-room.

" This is, however, not the proper place to discuss the question on which so much controversy is surging in our day, namely, whether the people of India are growing more and more prosperous notwithstanding the ever-increasing foreign drain for which Lord Salisbury, who was nothing if not cynically frank, substituted a stronger expression, which need not be repeated here. The reason why I do not enter upon the discussion is that I cannot compress it within the limits of a single speech. One thing, however, is clear. India is still a very poor country, and we must, to use a homely saying, cut our coat according to our cloth. And this leads me to say a few words on the military estimates. For though we cannot divide or even move a resolution, the lyrical function of speaking out our hearts is not denied to us. My Lord, it is our high office and privilege to be the interpreters between our countrymen and Government, and we should be

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wanting in our duty if we did not attempt according to our feeble lights to assist in the solution of the various questions suggested by the Budget on which depend the happiness and prosperity of one-sixth of the whole population of the earth. A great English minister whose name is dear to all lawyers told us the other day that he has no more control over these estimates than over the winds and tides, but we have yet not reached that stage of positive perfection which refuses to believe in the efficacy of prayers, and which in the present case need not be wafted across the seas.

“One of our poets who lived many centuries before Shakespeare and Milton, and whose name is quite familiar in Germany, if not in England, has said of an ancient Hindu King:

प्रजानामेव भूत्यर्थं स ताभ्यो बलिमग्रहीत् ।
सहस्रगुणमुत्सृष्टुमादत्ते हि रसं रविः ॥

‘For the welfare of the subjects themselves he used to take taxes from them; just as the sun takes water (from the earth) to return (the same) a thousandfold (in the shape of rain).’

“Peace and order are no doubt the greatest blessings which the king confers on his subjects in return for the taxes paid by them, and it would be puerile to complain of any expenditure reasonably incurred in defending the country and in maintaining peace and order, without which no progress is possible. But there is a very general idea in this country that the military estimates are excessive. In the time of the Mogul Emperors, when the soldiers were paid in land, only a few estates, or rather their revenues—which I may mention in passing never left the country—were set apart for the support of the army. At the present day, however, our military expenditure exceeds the whole of the land-revenue, so that not only has all India become one vast military feud, but even the poor man’s salt must contribute to the maintenance of mountain batteries ready to take the field in any part of the world.

“My Lord, I may be told that I am a mere lawyer ‘that never set a squadron in the field,’ but there are some questions on which the man in the street may claim to be heard. Shortly after the Crimean War there was an interesting controversy between Lord Palmerston and Sir George Lewis on the proverbial saying that prevention is better than cure, which like all epigrammatic sayings contains only a half-truth. It may be a good maxim in medicine, but in its application to politics we must not forget that the system of insurance may be carried too far. If an evil is certain and proximate, prevention is certainly better than cure; but not so if the evil is remote and uncertain. For the evil may probably never occur and the cure, should it occur, may not be very expensive. ‘Our foreign relations,’ said Sir George Lewis, that most logical of reasoners, ‘are so various and so intricate that if we insure against every danger which ingenuity can devise, there will be no end of our insurances. Even in private life it is found profitable for those who carry on operations on a large scale not to insure. A man who has one or two ships, or one or two farmhouses, insures. But a man who has many ships and many farmhouses often does not insure.’ Most people will, I venture to think, admit the truth of these remarks; though they may not agree with Sir George Lewis that diplomatic agents whose time is generally only half employed are sometimes too apt to frighten their own Government with exaggerated reports of the ambitions and encroaching designs of foreign Powers, which I may add have sometimes a tendency to fulfil themselves. The real truth is the foreign relations of England are on too large a scale to allow her to insure systematically for all risks, however, remote and contingent. But she may always safely rely upon the valour of her sons and the goodwill and loyalty of a contented people.

“I repeat the answer to the question—is prevention better than cure?—must depend upon the magnitude, the certainty, and the nearness of the peril against which we have to guard ourselves, and I submit that the enormous military expenditure is too large a premium to pay to insure us against the off-chance of a foreign invasion; specially at the present moment, when our relations with our neighbours are most friendly, and there is not a speck of cloud in the blue sky. But some of us are too prone to anticipate the future, and in constantly watching the movements of other nations forget the humbler duties which lie near at hand.

“On such a question of policy as this, and, as Disraeli pointed out long ago, military expenditure depends upon policy, surely a civilian is entitled without

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presumption to form his own opinion. Indeed, in some respects he is likely to take a sounder view, as he would not be under the dominion of those idols of the den and of the market which are so apt to cloud our vision. 'All professions,' says Cardinal Newman, 'have their dangers; all general truths have their fallacies, all spheres of action have their limits, and are liable to improper extension or alteration. Every professional man has rightly a zeal for his profession, and he would not do his duty towards it without that zeal, and that zeal soon becomes exclusive or rather necessarily involves a sort of exclusiveness. A zealous professional man soon comes to think that his profession is all in all, and that the world would not go on without it. We have heard, for instance,' adds the Cardinal—he was speaking not in the twentieth but in the nineteenth century, 'a great deal lately in regard to the war in India, of political views suggesting one plan of campaign and military views suggesting another. How hard it must be for the military man to forego his own strategical dispositions, not on the ground that they are not the best,—not that they are not acknowledged by those who nevertheless put them aside to be the best for the object of military subjects,—but because military success is not the highest of objects and the end of ends,—because it is not the sovereign science, but must ever be subordinate to political considerations or maxims of government, which is a higher science with higher objects,—and that therefore his sure success on the field must be relinquished because the interests of the Council and Cabinet require the sacrifice, that the war must yield to the statesman's craft, the Commander-in-Chief to the Governor General. Yet what the soldier feels is natural, and what the statesman does is just. This collision, this desire on the part of every profession to be supreme, this necessary, though reluctant, subordination of the one to the other, is a process ever going on, ever acted out before our eyes.'

"My Lord, I fear in my remarks on the Budget I have taken too wide a sweep and have overlooked the law of concentration of energy, but there remain two questions which call for immediate solution, and on which I trust I may say without much arrogance or presumption I have some claim to speak.

"My Lord, it is frequently said that India is held by the sword. This is perfectly true. But the sword by which the country is held has both a finer temper and a keener edge than the rude weapon of the soldier; for it is the sword of Justice. Whatever, therefore, is calculated to promote the proper administration of justice ought to engage the earnest attention of Government. Now, I am not going to discuss the capacity of our young Magistrates to deal out justice among a people with whose language they can have only a very imperfect acquaintance, and whose manners, customs, and sentiments must be a sealed book to them, for I know it is not always expedient to say things merely because one honestly believes them. But it is certainly not inexpedient to point out one most serious blot on the administration of criminal justice. Is it necessary to say that I refer to the union of judicial and executive functions in the same public servant? I admit that the fusion may have been necessary in earlier times, and may possibly be still necessary in the more backward parts, but it is certainly an anachronism at the present day in the advanced provinces. The memorial which was addressed to the Secretary of State in July 1899 by Lord Hobhouse, Sir Richard Garth, Sir Richard Couch, Sir Charles Sargent, Sir William Markby, Sir John Budd Phear, Sir John Scott, Sir William Wedderburn, Sir Roland Wilson, and Mr. Reynolds embodies everything that can be said on the question, and it would be a work of supererogation to travel over the same ground again. There are, however, some fallacies which, though doomed to death, are yet fated not to die. The opponents of reform still assert with a confidence not according to knowledge that the combination is essential to the prestige of a public officer in an oriental country; but, as pointed out in the memorial in question, is the prestige of the Viceroy less than the prestige which hedges in a District Magistrate, because the Magistrate may send a man to gaol and the Viceroy cannot? And this reminds me that prestige—which literally means an enchantment or illusion—is a word of evil parentage, as a distinguished conservative statesman said on a memorable occasion, and even in its best sense means something (I need not be more explicit) of which those who speak of their prestige have no reason to be proud. Lord Macaulay once said: 'I have often observed that a fine Greek compound is an excellent substitute for a reason.' In India, where a knowledge of Greek is not so common, and a new compound cannot be readily turned out, a sonorous word like 'prestige' serves the same useful purpose.

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"It is also said by the opponents of the proposed reform that it is a mere counsel of perfection, as you cannot carry it out without doubling the staff throughout the country, and we are reminded of the condition of Indian finance. But Mr. Romesh Chunder Dutt, who rose to be the Commissioner of a Division, has shown that in the province of Bengal at least the separation of judicial and executive functions would not add materially to the cost of administration, and that any additional expenditure which it might entail could be easily met by savings or economies in other directions. The scheme formulated by Mr. Dutt was referred to with approval in the memorial submitted to the Secretary of State, and there is every reason to believe that it can be practically carried out. It is, however, unnecessary for me to labour this point; for the plea of an empty exchequer is no longer tenable; but I fear that a bureaucracy always 'perplexed by fear of change' will find some other excuse for retaining their authority. The scheme, they will say, looks very well on paper, but any attempt to put it into practice will certainly end in failure. Readers of Sydney Smith will, however, remember the famous oration in which the greatest wit which the English Church gave to the nineteenth century gathered together the long catena of fallacies which were so ruthlessly exposed by that stalwart radical, Jeremy Bentham, whose name was once a bye-word for all that is hateful. 'I tell the honourable mover at once,' says the orator in Sydney Smith, 'his scheme is too good to be practicable. It savours of Utopia. It looks well in theory, but it won't do in practice. It will not do, I repeat, Sir, in practice, and so the advocates of the measure will find if, unfortunately, it should find its way through Parliament. (Cheers.)' The truth is, a reluctance to part with power is inherent in human nature, and there is a great deal of human nature in the members of that much be-praised service, the Covenanted Indian Civil Service, some of whom, whose knowledge of the East seems to have been drawn from the Arabian nights, would perhaps like to play the part of the Cazi sitting in the gate, administering patriarchal justice. 'Just the thing, you know, for these orientals.'

"My Lord, the country has been waiting for the proposed reform for years. The distinguished men who memorialized the Secretary of State in 1899 earnestly trusted that Lord George Hamilton would ask the Government of India to prepare a scheme for the complete separation of the judicial and executive functions, and to report upon this urgently pressing question at an early date. But nothing has yet been done. The question, we are told, is still under consideration. No reader of Dickens need however be surprised at this; specially when he remembers that red tape is now even cheaper than in the days of Little Dorrit.

"The union of judicial and executive functions in the same person is not the only anachronism to which I would invite Your Excellency's attention. In the administration of civil justice, too, we are weighed down by the dead hand of the past. The highest judicial offices with the largest salaries in the provinces have been reserved as a close preserve for the members of the favoured Civil Service. I freely admit that there are many among them distinguished by ability of the highest order; but ability, however great, cannot dispense with legal learning; for though administrative skill may come by nature, a knowledge of law is unfortunately not one of the gifts of fortune. The result is their incapacity is contrasted with the knowledge and training of those over whose judgments they sit in appeal, members of the Subordinate Judicial Service, as it is called, men of ripe experience and possessing the inestimable advantage of being natives of the country. Now it may be that the countrymen of Sir Salar Jung of Hyderabad, Sir Madhava Rao of Baroda, Dewans Poorniah and Ranga Charlu of Mysore, Sir Dinkar Rao of Gwalior, Kantichandra Mookerji of Jeypore, are not fit for high executive office,—the experiment has yet to be made, but our fitness for judicial office is acknowledged by everybody including Privy Councillors like Lord Selborne.

"So far back as 1842 the Indian Law Commissioners considered 'a more extensive employment of the natives of the country as a means both of increasing the efficiency of the Courts and of improving the moral condition of the people.' Again, the Public Service Commission, which included a retired Chief Justice of Madras and other distinguished members, in their report, which was published more than eighteen years ago, said:—'It may be observed that many witnesses examined before the Commission have urged that judicial offices should be made over more freely to natives of India, and some witnesses have gone so far as to recommend that the greater part, if not the whole, of the civil judicial work of the country might be usefully entrusted to native agency.'

[*Dr. Rashbehary Ghose.*]

In the expediency of employing duly qualified natives to a large extent in the judicial branch of the public service, the Commission fully concurs. The highest judicial offices in the country have already been filled by natives with marked ability, while the subordinate judiciary, which is composed almost exclusively of natives of India, has displayed very great aptitude for judicial office.'

"In 1869 a writer in the *Edinburgh Review*—it is an open secret that the author of the article was Mr. Justice, now Sir William, Markby—gave an extract from a minute of Mr. Justice Loch, who was formerly himself a District Judge, which shows pretty clearly the state of things in the sixties of the last century. 'An assistant' said Mr. Justice Loch (that is, a member of the Civil Service who has just come out from England), 'remains at the sudder station of a district for a very short period. In the course of a year from his joining it, he is liable to be sent to take charge of a sub-division. For the next fifteen years of his career, he is employed in the duties of a Magistrate and Collector.' That is the first part of his career, and the last part is described in these words:—'Without any training in the particular duties of a Civil Judge or *any knowledge of the law by which his proceedings are to be guided*, a man after fifteen or more years' service as Magistrate or Collector, or both, is transferred to the bench and expected to control a number of subordinate Courts, the judges of which may have commenced and continued their judicial career before he entered the service.' It would be impossible to give a complete idea of such a career, says the *Edinburgh reviewer*, to any one who is not acquainted with the administration, or rather the mal-administration, of justice in India. Suppose, says the writer, a man who had divided fifteen years of his life between the duties of chief constable of a county, a land-agent, a justice of the peace, and a clerk in Somerset House, were to be suddenly placed as a Judge in the Court of Queen's Bench, you would have something of the same kind in England and not more absurd.

"I must not here omit to refer to a letter addressed nearly fifty years ago by Mr. Howard, Director of Public Instruction of Bombay, to the Government of that province, in which he said 'The time is fast approaching when lawyers trained in this country will be procurable in such numbers, and possessed of such professional attainments and practical experience, as to constitute a formidable body of rivals to the untrained Judges of the Civil Service. I am well aware that many members of the Civil Service believe that a Judge in this country need have no law; that "common sense" is enough for him illuminated by practice and a knowledge of the people. To this it would certainly be replied, with unanswerable force, that the question is not between knowledge of the law on the one hand and practical experience on the other, but between law and no law, practical knowledge being equal on both sides. The question then will present itself before many years.—'Can Government exclude from the highest judicial offices the only men who are especially educated and competent to fill them? And if the answer is in the negative, the result will sooner or later be to give natives a monopoly of the Judicial Bench.'

"If Mr. Howard had belonged to the household of bureaucracy, he would not have been filled with these misgivings. The existing order of things may not be altered according to their law, which altereth not. They may be convinced, but they will not be persuaded; mere routine and prescription, if I may venture to say so without offence, playing a large part in moulding their opinions; for the dyer's hand is subdued to what it works in. But the minds of men are widened with the process of the suns and I am not without hope that the reforms which I am advocating will be carried out in due time. I say, due time, for I have no hope of taking by storm the stronghold of officialdom. I know too that reform is always slow-footed, and nowhere more so than in India. But I have no hesitation in saying that the time has now arrived when the civil judicial work in the more advanced provinces may and ought to be entrusted to Indian agency. I should add that since Mr. Justice Loch wrote, and the *Edinburgh Reviewer* exposed the absurdity of the whole system, things have grown very much worse. For we now find boy-magistrates, as they are sometimes called by an irreverent public, of only seven or eight years' standing, promoted to the bench of the District Court. On the other hand, the universities are annually sending forth a large number of lawyers with the best legal training. The evil, therefore, instead of being on the wane, is constantly on the increase, and any delay in reforming the system would only lead to the contrast between the Judges of the Civil Service and the trained lawyers being more and more marked. Surely, surely this is a grave scandal which ought not to be any longer tolerated, though its removal may trench on the vested interests of the Indian Civil Service.

[*Dr. Rashbehary Ghose.*]

"Again, the work of administration is gradually assuming such vast proportions that if the country is to be better governed, Indian agency must be more and more largely employed as we cannot sustain the cost of importing our public servants from England, except under absolute necessity. The admission of one or two Indians annually to the Covenanted Civil Service will not solve the problem, nor the promotion of a few men to the Provincial Service. It is no longer a question of generosity or even of justice but, as many distinguished Englishmen have said, an absolute financial necessity. This may be said to be a truism, but the enunciation even of truisms is sometimes not altogether unprofitable.

"Both economy and increased efficiency therefore call for the change for which I am pleading. It is also demanded by other and perhaps higher considerations. A new movement, my Lord, is in progress which threatens to sweep aside the moderate party who are described as dark *Feringees* whose sole ambition is to please their English masters. It is no secret that our young men, not merely in Bengal but also in the other provinces, not merely Hindus but also Muhammadans, are drifting further and further away from that party to which I have the honour to belong, and which they charge with having fallen under the spell of 'political hypocrisy' and 'transparent subterfuges,' utterly unable to withstand the subtle arts of those 'who would keep the word of promise to the ear and break it to the heart.' In the bitterness of their hearts they forget all that they owe to Government, British peace and British order, British freedom of speech and British freedom of public meeting. They forget too that if the dead bones have begun to stir, it is English science and English literature that have breathed the breath of life into them. But these men who claim to be the very salt of India can find nothing good in a foreign Government and are continually mourning over the destruction of their arts and their industries, their exclusion from their legitimate share in the management of their own affairs, their physical as well as political enervation, their poverty and what they call their more than Egyptian bondage.

"I do not mean to hold this out as a threat; for I know the English character too well to imagine that our rulers would make any concession to groundless disaffection. I mention it only to induce them to look facts in the face. My Lord, men whose minds have been nourished on the strong meat of English history and of English literature cannot long be refused a proper share in the administration of their own country. Here is an opportunity of redeeming the pledge given by Parliament in 1833 and repeated in the Queen's Proclamation, which lays down the principle that the people of India have a right to share with their fellow English subjects, according to their capacity for the task, in the administration of the country, a principle which has since been repeatedly affirmed by the Government of India. Those who are jealous of the honour of England and feel any stain on her good name as a wound—and we as her adopted children can claim to be among them—must keenly desire that these promises should not remain a dead letter.

"In the name, therefore, of economy, in the name of increased efficiency, by the solemn pledges given by the Parliament of Great Britain, by that Proclamation which is at once our trust and our charter, the Proclamation of the good Queen whose name will be cherished by us longer than the most enduring hall in marble or effigy in bronze, I invite, I implore, I beseech Your Excellency to throw open the judicial service to trained lawyers in India, and thus satisfy in some measure our legitimate aspirations.

"I have already given so much good advice to Government that I feel some hesitation in giving more. But our rulers are civilised men, and I am not likely to come to any harm if I venture to add that the income-tax, although an essentially equitable tax as falling on those who are best able to bear the burden, is in one respect open to objection. The incidence of the tax is the same whether the income is precarious—as, for instance, professional income—or permanent, earned or unearned.

"My Lord, I began by thanking Government for the reduction of the salt-duty, and I will conclude by expressing our deep gratitude for the grant of 303 lakhs for

[*Dr. Rashbehary Ghose ; Tikka Sahib of Nabha.*]

the encouragement of education as well as the promise which is held out of free primary education. What the country wants is a network of schools for primary as well as secondary education, and above all the very highest kind of technical education; for the industrial development of the country with its vast resources is the problem of problems of the present day. We know how difficult it is to build up an industry without protection. But to ask for protection for our nascent industries would be to cry for the moon. We cannot regulate our tariffs; we can only suggest and implore. And this is the real secret of the strength of the Swadeshi movement. We know that the industrial supremacy of England was first established under a policy of strict protection which had such a disastrous effect on our own industries. We know, too, how Germany and the United States have prospered under a similar policy. The Government of India have expressed their sympathy with the Swadeshi movement. If they cannot show their sympathy by abolishing the excise-duties on our cotton manufactures, let them show it by endowing a central polytechnic college on the model, I will not say of the institutions which have been established in the United States or in European countries, but on those which have been established in Japan. But though we want more than Government are now in a position to give us, I repeat we are deeply thankful for the liberal provision made in the Budget for the wider diffusion of education. And here let me congratulate the Hon'ble Finance Minister on the Budget he has been able to lay before us. If it is true that 'a sorrow's crown of sorrows' is remembering happier things, it is equally true that a joy's crown of joys is the memory of unhappier times. And I remember the dark days when, owing to the financial situation of the Government, the construction of important public works had to be suspended, when all branches of the administration were starved, and when even the cry of the military authorities, 'Give, give,' not unfrequently met with a blunt refusal. And I also remember how that good man Sir James Westland struggled manfully against adversity, and that the only redeeming feature in his Budget was the grant of exchange compensation allowance, against which, however, I had the hardness of heart to protest in the interest of the not very lightly taxed people of this country.

"I have now, my Lord, come to an end. I trust in the few remarks which I have ventured on the Budget I have not shown a censorious spirit. If I have not extenuated anything or played the rôle of an indiscriminate panegyrist, an easy rôle to play, no one can say that I have deliberately set down aught in malice. Perfect impartiality, we all know, cannot be expected from any man, not even from an official bronzed by fifty Indian summers. But one thing I may claim for myself without boasting, and that is honesty of purpose—an honesty of purpose which is perfectly compatible as well with fidelity to Government as with fidelity to the best interests of India, our mother-land, a land of which we have every reason to be proud."

The Hon'ble TIKKA SAHIB RIPUDAMAN SINGH OF NABHA said :—"My Lord, I heartily congratulate my Hon'ble Colleague the Financial Member on the satisfactory budget which he presented to the Council this day last week. It is a matter of sincere pleasure that the present Financial year has closed with a large surplus in excess of the budget estimate of the last year.

"For the third year in succession the Hon'ble Member has been able to announce a reduction of the salt-tax to Re. 1 a maund throughout the whole of India. This measure is estimated to cause a loss of 190 lakhs of rupees in 1907-08, but we sincerely hope that this loss to the State Treasury will be more than repaid by the increase in consumption of salt, as has proved to be the case on past occasions whenever tax was reduced in this direction.

"The reduction in the postal charges and the raising of the weight of articles carried by post will be welcomed by the educated class of people in this country, who will be benefited by this change.

"The grant of 22½ lakhs of rupees to Local Governments for Police reform will be considered satisfactory on all hands, and it is hoped that the reforms advocated by the Police Commission will be thoroughly carried out.

[*Tikka Sahib of Nabha.*]

“The recasting of the system of Famine Relief is a measure that will enable Local Governments to meet this calamity—whenever it unfortunately befalls the country—with greater energy and better equipment.

“My Lord, as a Sikh I naturally feel inclined to think first about the defence of my country, and I beg to be allowed to offer a few observations on the subject. It is a matter of satisfaction that our army has of late been brought to a higher standard of efficiency and placed on a more secure footing, so that our forces are now ready to take the field at a moment's notice. But, my Lord, I am afraid that even now they are not adequate to meet all emergencies, and for that reason I would beg leave to say a few words.

“It is true that even in Europe people are now thinking of reducing armaments, and conferences are held at the Hague to promote universal peace; thinkers like Tolstoi preach to us non-resistance to evil by violence as the only means of securing national peace and prosperity; but I beg to submit that in my humble opinion all these things sound well only in theory, but cannot be brought within the range of practical politics. In my opinion, the best guarantee of peace is not passive resistance, but armed force, and so it is not only necessary, but imperative, that our army should be strong enough, both for offensive and defensive purposes. My Lord, I am not going to suggest that our regular army should be increased. I am rather of opinion that mercenary troops alone cannot be relied upon in a moment of grave danger to defend the interests of a great country. Therefore I beg leave to suggest that a scheme should be worked out to create a national militia and large reserve force ready to serve with the regular troops whenever required. I don't mean to say that a large proportion of the population should be armed: all that I suggest is that a larger number of able-bodied young men should receive military training and form a reserve force. We gratefully acknowledge the great boon of education, the security of life and property, and other great benefits conferred on the people of India by the British Government; but, my Lord, it would be a matter of deep regret and disappointment to the well-wishers of the country if the people deteriorate in physical strength and the martial instincts of the warlike races of India are allowed to die out. I am sorry to confess that with the spread of civilization people are, to a great extent, losing their energy, activity, and manly habits; their love of luxury is making them more and more effeminate. I know, my Lord, that the problem is difficult of solution; but as it has to be faced, some practical steps should be taken in this direction, though nothing need be done in a hurry. It would not be perhaps advisable to begin with the scheme on a large scale, and hence I beg leave to suggest that in the beginning an experiment should be made in the Punjab, and it can be extended to other Provinces of India when it proves successful, as I believe it will if properly carried out. This will serve many other purposes also. First, the difficulty of recruiting for the regular army will disappear, as trained men from this reserve shall always be available for the regular army. Secondly, this force will serve as a reserve and, in the time of war, will be available to fill the vacancies in the Indian Army caused by losses of war. Thirdly, these forces will be always at hand for independent action. And thus we shall have at our disposal a body of fine men at a comparatively small cost. I am not going to present a cut-and-dried scheme in this matter—that should be and must be left to the Military experts to work out. I have merely expressed the thoughts which have occurred to me. My Lord, I don't know in what light the Council will take these suggestions of mine, but for my own part I assure you that they are coming from the heart of one whose sole aim is the stability of the British Raj in India, and the prosperity and security of his own country. Lord Curzon in one of his speeches spoke of the Punjab as ‘the home of a race that produces not merely men but heroes,’ and these words of Lord Curzon will justify my suggesting that the experiment should be first tried in the Punjab. Moreover, the loyalty of the Sikhs is a proved fact. Their devotion to the British Raj is formed on the well-known prophecy of their ninth Guru, and so they consider their interests as one with those of the English Government.

[*Tikka Sahib of Nabha.*]

"My Lord, I must acknowledge here with deep gratitude on behalf of the Sikhs the kind and sympathetic treatment which they have always received at the hands of the Government, and more especially the deep interest recently shown by Government for their intellectual advancement by promoting and patronizing the spread of education among them. In this respect our best and warmest thanks are due to the Hon'ble Sir Charles Rivaz, who did all that he could to put the Khalsa College on a firmer and more secure basis than it had been before.

"I wish to God that the day may never come when the Sikhs grow incapable of wielding their swords for their beloved Emperor and country and become so void of martial spirit as to bring shame on their past history. For this end, side by side with mental training, physical and military instruction are necessary. One is just as important and essential as the other, and it is to meet this end that I venture to suggest that each able-bodied Sikh youth should receive military training. I cannot do better than to conclude my remarks on this subject, by quoting the words of Your Excellency's predecessor, who said in reply to a Sikh deputation at Lahore as follows:—

'I am pleased to learn that the Khalsa College, which was founded in the time of Sir James Lyall, has already attained to a high standard of excellence, and I hope that it may continue to receive the active support of the Sikh Princes of the Punjab, *and may turn out a number of young men, who, like Lord Lawrence in the famous statue which stands in this city, may be competent to wield the pen, at the same time that their hand rests confidently upon the hilt of the sword.*

"My Lord, now I shall pass on to another subject, I mean the Imperial Service Troops. From the Statement which was laid on the Council table in reply to my question, it appears that 23 States in all keep these troops. To any one who is a true patriot, and more especially to the Indian Princes, nothing can be more pleasant and honourable than being associated with the defence of their country and their homes; but, my Lord, if I am not mistaken, the burden seems to me not to be equally divided among them in this respect. I have appended a statement* which will show that the annual cost of upkeep of these troops against the annual income of each State is not uniform, but varies from 1 per cent. to 14 per cent. It is true that these troops are the result of voluntary offers of Indian Princes, but I cannot help thinking why the Government, in view of their other pressing requirements, should not consider it proper and advisable that a rule should be laid down in this matter, in order that every one of them should bear an equal share of the burden in proportion to their respective resources. The expenditure of the State for the upkeep of its Imperial Troops, in my humble opinion, should not exceed 5 per cent. on its annual net income, which will be found adequate for all such purposes. My Lord, it is hoped that 'the sound principles that were formulated in the first place by Lord Dufferin and Lord Lansdowne more than fifteen years ago' at the time of formation of these troops, the principles which 'are essential to its vitality' will be ever adhered to, and that these troops will 'not be swept into the Indian Army, or treated as though they were the mercenaries of the Crown.' These are the words of Lord Curzon; for my part I can only say that whenever the occasion arises not only these Imperial Troops but every available resource of each State will be at the disposal of the Government.

"My Lord, I want to say a few words about the Imperial Cadet Corps. When this Corps was formed great hopes were entertained. It was thought that a move had been made in the right direction, that the most honourable military posts had been thrown open to the young noblemen of this country, that the Government had done well in thus taking the people into their confidence, and, what was above all, Your Excellency's illustrious predecessor assured us more than once that all the cadets who passed the required examinations would be given commissions in the Indian Army. This was surely a statesmanlike step which Lord Curzon took to solve a pressing problem of the day. Let us hope that this Corps will not only remain as an ornament to the Indian Army, to add to the brilliancy of processions on State occasions, but will also fulfil the real object for which it was formed by the late Viceroy.

*Vide Appendix C.

[*Tikka Sahib of Nabha.*]

“ My Lord, before I pass on to other subjects, I consider it my duty to draw the attention of the Government to the constitution and privileges of the Legislative Council of the Punjab, the Province which I have the honour to belong to and represent on this Supreme Council.

“ Now that the question of the reform of Indian Legislative Councils is under the consideration of the Government of India, I cannot let the opportunity pass without praying that the rights and privileges now enjoyed by the Legislative Council of the United Provinces of Agra and Oudh may be extended to the Punjab. The Punjab cannot be considered in any way less advanced or less intelligent than its sister and neighbouring province.

“ My Lord, I cannot help drawing your attention to the social condition of my country, and a few words about it will not perhaps be considered out of place. I am sure that when I plead for the rights of women of India I will not plead in vain. I know that the Government cannot directly do much in the matter of certain social reforms, but, my Lord, in my humble opinion, it is social backwardness which has helped and is still helping to check the progress of India to a great extent. The caste system, the neglected condition and ignorance of women, the early marriages, etc., all these things combined are doing more mischief than anything else to the country and its people.

“ It is true that with the spread of Western education people have realised the uselessness and absurdity of some of the old and deep-rooted customs, and have begun to improve gradually, and the people of the educated class mix with each other now more freely than before on social occasions. But may I be permitted to point out that centuries before the spread of Western education great teachers of India, like Guru Nanak, realised and not only preached—in those days of great religious intolerance, when people used to be persecuted for telling the truth—but took practical steps to abolish the caste system of India, to raise the status of women equal to that of men, along with many other things.

“ My Lord, in the matter of education our women are still left far behind. It is the mother who first moulds the character of her children. Female education is of as vital importance as the education of boys. One of the difficulties which stood in the way of this reform was the apathy of the people shown towards it. The purdah system also unfortunately stood in its way. It is a good sign that people are now beginning to feel the necessity of this reform. Whenever the Government or the liberality of some private person starts an institution for the education of girls, it is welcomed on all hands and people are now ready to take advantage of this boon. The Punjab offers a very good field for this reform, where the purdah system is not so strictly observed as in some other provinces, and where the people are free from many prejudices. An adequate sum out of the educational budget should be appropriated to promote the education of women which must bear a reasonable proportion to that which is spent for the education of boys. Unless we take up this question earnestly in hand I am afraid every other effort done to improve the condition of the people will be fruitless. It is a pleasure to see that a proper move has been made in this direction in the Punjab, and the proposal to establish a girls' school at Lahore is now engaging the attention of the Government; and we have once more to thank Sir Charles Rivaz, whose interest in the education of girls has enabled the Punjabis to form a scheme for the establishment of a good school for girls which has received the support of all classes. The provision of 304 lakhs of rupees in the budget for education—the highest ever yet made—is very encouraging, and free primary education, for which hopes are held out, will prove a great boon to many poor students who could not avail themselves of the benefit of education of even this standard owing to the scanty means of their parents.

“ My Lord, the curriculum of our schools requires to be carefully revised. The things which merely tax the memory of the students without awakening their curiosity and training their faculties of reasoning and observation should be avoided. The system of examinations should be made more elastic than it is at present, and students should be allowed to pass examinations by compartments.

[*Tikka Sahib of Nabha.*]

“ My Lord, as it is the duty of the Government to look to the education of the country, so it is their duty to look to its moral well-being. Under this head I beg to draw your attention to an important matter which requires early reform. The endowed institutions of this country play a great part in influencing the minds of the people and creating higher or lower standards of morality among them. These institutions were endowed by the donors for charitable and educational purposes, and it is a sad thing to see these institutions changed now into dens of vice. Their funds have become the private property of the priests of the temples and such like folk, who have no moral right to them. As long as these institutions remained in the hands of able and virtuous persons they proved a blessing to the people of the country, and served as fountains of knowledge and havens of rest for the poor, but now the same institutions, which have come under the control of worthless, immoral and selfish people, are proving a veritable curse to the country. It would be a great boon to the country if the Government would take up the matter of the reform of these endowments, and it would only be just to devote these endowments to educational and charitable purposes. If such a drastic measure seems to be impracticable for the present, then I would suggest that the people in charge of these institutions should be compelled to spend considerable portions from their income for the purposes for which they were intended.

“ My Lord, there is another important matter to which I would like to draw the attention of the Government, *i.e.*, the question of intoxicating drugs. I need not dwell here at length on the bad and demoralizing effects produced by their use. Many murders, other crimes, insolvencies and other disasters can be traced to intemperate habits. Many good families and happy homes we see are every day brought to ruin by addiction to intoxicating drugs. There is no doubt that Temperance Associations are doing useful and good work in this country to root out the evil habit, but still a great deal remains to be done which cannot be accomplished without the co-operation and help of the Government.

“ Some time ago Government very wisely took practical steps to check the habit of cocaine-eating amongst the people of this country which was very rapidly spreading. Something of the sort is desirable in the case of opium and country liquor. Their use should be checked by passing some preventative enactment and by raising their prices so high that they may not be within easy reach of men of ordinary means, and also their use should be allowed only at the advice of medical men as is the case with other poisons now. My Lord, I am doubtful that until some drastic measures are taken we will be able to root out this evil habit from the country. I have read in the budget with much satisfaction that orders have been issued to reduce the cultivation of opium in the ensuing year. This step has been taken in a right direction. I know that opium and excise duties are two great sources of revenue to the Government, but I may be allowed to remark that this revenue is collected at the expense of the cause of morality. There was a time when the consideration of the loss of revenue that was derived from these sources was a great impediment to their abolition. Fortunately now our financial position is prosperous, and the remarks of the Financial Member in this matter are very encouraging and it would be better for me to quote them here :—

‘ Twenty years ago or even less, the prospect of losing a revenue of 5½ crores a year would have been a cause of very grave anxiety. Even now, if the whole or a great part of the revenue should be struck off at a blow, the dislocation of our finances would be serious, and might necessitate recourse to increase of taxation. But if, as we have a clear right to expect, the transition is effected with a due regard to our convenience, and is spread over a suitable term of years, the consequences may be faced, if not with equanimity, at least without apprehension.’

“ My Lord, if the Government are prepared to meet the loss in the opium-revenue when it is inevitable, it would be still more generous and noble if we check and suppress the bad habit of opium eating that is taking hold of the Indian population and demoralising it.

“ My Lord, the third class passengers in this country suffer great inconvenience in the railway journey. We see them frequently struggling for a seat in the already overcrowded compartments, where they are thrust

[*Tikka Sahib of Nabha ; Mr. Sim.*]

without any regard to the authorised number of passengers allowed to travel in a compartment. Again, the sheds at the stations which are provided for third class passengers as waiting rooms afford no shelter against sun or the inclemencies of the weather. There are no latrines attached to the third class carriages, and the sufferings of the passengers can be easily imagined. If they go to the latrines at the stations, they are often left behind, and thus they experience a great deal of hardship. They are treated very badly and their condition is very deplorable indeed if they happen to travel by rail at the time of large gatherings held at several places in connection with the religious festivals. On such occasions they are not treated like human beings, but are huddled together as if they had no feelings. It is an awful sight to see them loaded in goods wagons with no proper ventilation at all. Several of them fall victim to diseases for want of pure air, while others carry germs of diseases, which play havoc in such gatherings. My Lord, now as the Railway Board have made a provision of 568 lakhs of rupees for rolling stock for the year 1907-08, it is most desirable in the interests of humanity and justice that the inconveniences of the third class passengers should not be lost sight of, who contribute so largely to swell the railway surplus every year.

"It is gratifying to see that some useful changes have been made in the form of railway accounts from this year to show the net revenue. The old system used to inflate unduly the accounts and suggest misleading comparisons. It is also pleasing to note that the orders are issued by the Railway Board for the adoption on all railways in India of the type of communication between the passengers and guard now in general use in England—a thing which was urgently required in the interests of the safety of the travelling public of this country."

The Hon'ble MR. SIM said :—"My Lord, may I congratulate the Government on the continuing prosperity and gratefully acknowledge the uses to which it has been put? By us in Madras, which is still in the main a country of small land owners and small incomes, the striking series of measures, calculated to help the agriculturist and the poorer classes, set out in paragraph 36 of the Financial Statement, will be heartily appreciated.

"The reduction in the *Salt-tax*—a reduction which the Hon'ble the Finance Member shows does reach the consumer—will be welcomed; so will the new and liberal contribution from Imperial funds for *Famine Relief*; the improvement in the pay of *Forest-officers* is a well-deserved concession to a hard-worked service; *Free Primary Education*, in sight, will be a boon to Madras, where education is so much in demand; *Police reform* is as much needed there as elsewhere; the loss of the *Opium* trade, a dead loss to India, as the Finance Member points out, of 5½ crores, will be less welcome; but the Indian taxpayer, on whom it will fall, has confidence the British and Indian Governments will make no sacrifice of India's interests without corresponding sacrifice on the part of China. The Hon'ble Member's summary in paragraphs 66 and 67 and Mr. Meyer's Memorandum on *Military Finance* show effective control of and good value for the expenditure under that head.

"Grateful as we are, however, for these measures, may we still ask for more; and first, for an increase in the proposed contribution from Imperial Funds for *Famine Relief*? The Hon'ble Member proposes to give Bombay and the Central Provinces more than five times as much as Madras; the United Provinces are to get nearly twice as much; even Bengal receives more than Madras. It is hard to believe that this represents the real condition of things and that the other Provinces are so much more liable to famine than Madras, as these proposals would suggest: they may have spent more, but some Governments are more liberal than others, and, in any case, the period chosen for the calculation greatly affects the result; a period of thirty, instead of twenty-five, years, for instance, would have included the great Madras famine of 1876-77, and added considerably to the famine expenditure there. As I have said, the hearty thanks of all are due to the Hon'ble Member for his present proposals, but if opportunity should arise for increasing the contribution to Madras I trust that he will take it.

[*Mr. Sim ; Mr. Reynolds.*]

"As quite relevant to such a request the Hon'ble the Finance Member will no doubt remember the words in which last year he described the Provincial Settlement made with the United Provinces—words which, he said, applied equally to the Provincial Settlement made with Madras: 'It is quite true,' he said, 'that as a whole the Provincial Settlement is distinctly less favourable than that of any other Local Government, conspicuously so as compared with those of Bombay, the Punjab and the Central Provinces.' I trust that the Hon'ble Member will consider that a 'distinctly less favourable' Provincial Settlement combined with a 'distinctly less favourable' Famine Relief grant constitute very strong grounds for the amendment of one or the other at an early date.

"A second point, also connected with Famine protection, is the provision of funds for new *Irrigation*. The inducement to prefer works that will pay 10 per cent. to works that will pay little or nothing is obvious, but if credit is taken in the account for famine relief saved and human suffering averted the difference is not so great as appears at first sight. The Government of India has not been illiberal in dealing with Madras irrigation in the past: I ask for a continuance of the same consideration in the future.

"A third point—also, in the opinion of many, connected with Famine protection—is money for *Forest* establishment and works. Much of our reserved area in Madras lies in tracts of precarious rainfall, in scattered blocks and near cultivation: regrowth on such areas is particularly necessary, and particularly difficult; a sufficient staff and a generous outlay on works are essential. If proposals to this end should reach the Government of India, I trust they will be sanctioned. They are much needed, and to stint either is to give both Government and the public the maximum of inconvenience with the minimum of benefit.

"We are not without other needs, also. In time, we trust, the hour and the money will come for them, too, but we recognise the limitations of the year and all that has already been done. Nowhere, indeed more than in Madras, will there be a more cordial appreciation of the efforts which have been made by the present Finance Member and his predecessor during the past five years to simplify, reduce and rearrange the taxation of the country or of the success which has attended those efforts. We trust that the prosperous years may continue, and with them, with continuing success, this policy of financial organisation on similar lines."

The Hon'ble MR. REYNOLDS said:—"My Lord, this time last year we in the United Provinces were suffering in parts from the effects of the failure of the rains in the previous monsoon. These were the more serious as they had followed immediately on the widespread damage caused to the previous spring crop by the frost of 1905. The financial situation at that time was the cause of much anxiety, for we anticipated that the Provincial balances would be depleted by nearly 28 lakhs, and that we should end the year with 14 lakhs less than our minimum balance. Fortunately the rains last June set in in the most timely manner, and though they closed rather prematurely, yet the autumn crops were on the whole good. Over the greater part of the country too the present spring crops promise well, though they have been damaged to some extent by hail, and to a greater degree by rust.

"The fears of a further large expenditure on famine relief which hung over us this time last year have vanished, and thanks to Your Excellency's liberality the burden of debt due to the amount that had to be spent on famine relief has been removed. That expenditure has been approximately 28 lakhs, and had we been forced to meet it from our own resources, we should have been nearly bankrupt. Your Excellency's liberality in taking this expenditure as an Imperial charge, and in starting a scheme of famine insurance to meet such contingencies in future, has relieved the Local Government of much anxiety.

"I have only one criticism to make with regard to this scheme. Last year we had a minor famine extending over parts of two Divisions only and lasting for about a year, and yet we spent a little over 28 lakhs in famine relief. The maximum therefore of 30 lakhs fixed for the United Provinces will clearly be quite

[*Mr. Reynolds.*]

insufficient in case of a serious famine extending, as in 1896, over every part except that protected by canal irrigation, and will be dangerously small even in 'a year of moderately severe famine.'

"In spite, however, of the relief afforded to our Provincial finances, I am bound to point out that they might well be in a more satisfactory condition. When the quasi-permanent financial contract was drawn up in 1904, it was expected that the heads of income made over to the Provincial Government would be sufficiently elastic to meet the growing wants of the Province. Unfortunately practical experience shows that this is far from being the case, and our financial arrangements are to a certain extent still further hampered owing to the fact that in the present year 16 per cent. of our income is, and in the coming year 13 per cent. will be, derived from fixed doles incapable of any expansion while practically our whole expenditure is progressive.

"In the first two years of our existing contract the expenditure exceeded the income. In the present year, thanks to a larger opening balance, to the help given by Your Excellency's Government, and the abnormally high receipts from irrigation, the revised estimates show the satisfactory surplus of 62 lakhs instead of the 6 lakhs originally estimated. Our budget for the ensuing year, however, shows a probable expenditure of nearly 5 lakhs in excess of our income.

"I would briefly call your attention, my Lord, to what our more pressing wants are.

"In addressing this Council last year my predecessor pointed out that the immediate needs of the Provinces were better housing for the subordinate police, increased expenditure on education, and aid to the Municipalities to enable them to carry out sanitary reforms. On looking at the last published Finance and Revenue Accounts, namely, those for the year 1905-06, I find that in the United Provinces the total expenditure on education amounted to ₹37,05,689, or ₹78 per thousand of population. In only one other Province was the expenditure per head so low, while in one it was nearly three times as much. For the coming year the expenditure will be raised to nearly 47 lakhs, or ₹99 per thousand, which is an improvement but still far below our wants.

"Under the heading of Medical, again, the expenditure was ₹17,55,445, or only ₹36 per thousand, and in no other Province throughout India was the allotment for this purpose so low in proportion to the population. The allotment for the ensuing year is 19½ lakhs, but more could well be spent on the improvement of the existing institutions and, in addition, the new Medical College at Lucknow will require much assistance from Government to equip and maintain it.

"For public works more money is needed for the housing of the subordinate executive and police staff, and for the enlarging of the District and Tahsili offices, nearly all of which are now terribly cramped, and afford nothing like enough space for the growing staff which the annual increase of work in all departments necessitates.

"We want therefore more money for public works, for education, and for hospitals, and there can be no doubt that municipal needs are growing every year, while the limit of taxation has been nearly reached and the borrowing powers of several Municipalities are all but exhausted.

"Seven Municipalities have improvement schemes, costing between one and two lakhs each, for which they expect to provide or borrow the necessary funds, but other important centres such as Agra, Benares, Allahabad and Lucknow will require very material assistance to enable them to carry out their now urgent projects. If the wants of these and other important Municipalities are to be met, it is becoming clearer every year that the Provincial Government will in some way or other have to come to their assistance. Lucknow, for instance, has a drainage project estimated to cost about 12 lakhs, for which it cannot provide funds, and taking the larger Municipalities alone, rough estimates show that half a crore could be usefully spent on drainage and water-supply.

"I need not point out that it is most important that the large pilgrim and commercial centres of the United Provinces should be maintained in good sanitary

[*Mr. Reynolds ; Sir Steyning Edgerley.*]

condition. In past years they have acted as centres whence cholera has spread far and wide over India. Plague is with us now, and until city sanitation is perfected there will always be the risk of similar disasters. The needs of these places are not, I think, a mere local matter, but one of Provincial and even Imperial concern.

"Turning now to local finance, this has been put on a firmer footing, and contracts have been made with each District Board for the next three years. The Boards have definite sums placed at their disposal and can draw up their own budgets.

"Some of these budgets have come before me as Commissioner, and it is to my mind quite clear that in a very short time the local authorities will be imitating the example of the Local Government, and asking for more generous allotments.

"There is, for instance, a loud demand for more money for primary education. School buildings everywhere want enlarging and improving, and boarding houses are required. Railways, again, have been pushed in all directions, and roads at right angles to them now require to be metalled. These are wanted not only as feeder roads to the railways, but they also act as most important distributing agencies in case of famine. One very noticeable feature, for instance, in the prices last year was that in the Muttra District prices were higher in the village bazars than in the large marts at head-quarters. This was simply due to the difficulty experienced in getting the grain from the railways over the deep sandy roads.

"Taking Provincial finance as a whole it seems that, without allowing for any extravagant expenditure in the ensuing year, the budget shows a deficit of 4½ lakhs, and as matters stand at present it will be nearly impossible to meet the ever-growing demands for the purposes I have indicated.

"I have already mentioned the financial result from year to year of our present contract, and the urgent need of its revision has been pressed on the Financial Member. We have received from Your Excellency's Government the assurance of a full consideration of our claims in the near future. It only remains therefore for me now to again press our wants on the Financial Department and to respectfully urge a very early and liberal settlement of our requests."

The Hon'ble SIR STEYNING EDGERLEY said:—"My Lord, I am glad to open what I have to say by expressing the acknowledgments of the Bombay Government in the matter of the settlement of the incidence of famine charges. Provincialisation on fair terms for the future and a frank acceptance of past charges as Imperial, involving, as that decision does, a refund of 12·32 lakhs spent on famine relief since the opening of the currency of the settlement, is a conclusion with which the Local Government is well content. The past ten years have left heavy arrears of public works expenditure to make good in all departments, and the necessity of spending on famine relief so large a sum out of the initial lump grant of the new settlement had been regarded with some dismay.

"The provincialisation of famine responsibilities does not at present extend to famine relief in Political Agencies, but, though they have no share in the small revenue which comes in from such areas, the Bombay Government are prepared to accept responsibility in the future for such charges in the Agencies on the same principles and as part of the general settlement subject to consideration of details. There are in the Bombay Agencies a large number of jurisdictional States which are normally solvent. The Government of India are of course under no liability for actual expenditure in their territories, but the Chiefs may be driven to Government for help in serious and prolonged famine. I presume that, as in the famine just past, the Government of India will always feel it right to help them in such circumstances. If that be so, the Government of India must I think recognise, in working out a scheme, that they occupy towards such States rather the position of bankers than that of strict controllers of famine relief. Capital will have to be available not for expenditure, but for loan in

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• somewhat larger measure than would be necessary for a strict famine programme in a British district. The Chiefs ought to be dealt with as friends coming to Government to be tided over a period of stress under a full sense of their own responsibilities. They should not, I submit, be subjected to inquisitorial enquiries or to demands for returns, reports, or adoption of British standards of relief. It will be for the Local Government to share the responsibility in this field by seeing that bad debts are not made. Such loans have meant in the recent famine locking up for the time being a capital of rather more than a crore of rupees. Many of the Bombay Chiefs are my personal friends, and I am in a position to know how grateful the Chiefs of Kattiawar and the Guzerat Agencies have been to the Government of India for the help extended to them since 1900. So far as I know at present, the whole of the advances falling into this category will sooner or later be fully recovered. I am glad to notice from paragraph 212 of the statement that repayment is already taking place faster than had been estimated. There will, should such severe and prolonged famine unfortunately recur, be some difficulty in placing so large a sum at the disposal of the Local Government in case of need, and a solution of that problem must be found. The other great difficulty which will need solution is the treatment of relief expenditure in what are known as Thana Circles.

“ I wish to utilise this opportunity to ask the consideration of the Government of India on behalf of a section of the people of the Presidency who suffered terribly during the recent Guzerat famine, and who are not likely to be able to make themselves heard. The landholders in the Thana Circles are owners of small estates and at no time wealthy. At no time are they able to exercise individually their theoretical rights of magisterial civil or police jurisdiction or to meet other obligations which should naturally devolve on persons of their status. So it has come about that these areas, called Thana Circles, have been formed, that the powers of the petty Talukdars resident in the Thana Circles have been, so to speak, put in commission and are now exercised by the Political Agent and subordinates under his control, while the costs of the joint administration are recovered rateably from the Talukdars concerned. When the calamity of 1899 fell on Kattiawar and Guzerat, the resources and credit of this class of landed gentry were speedily exhausted, and provision had to be made to save the lives not merely of the labourers and other residents in these villages, but of these small Talukdars themselves and their families. The Agents had to act promptly and on their own responsibility, and large amounts were spent on famine relief in these Thana Circles without it being possible to obtain the concurrence or even consult those at whose cost the expenditure was theoretically being undertaken. Nor when once relief works were started was it possible to confine their benefits to the immediate residents of these villages and the dependants of these Talukdars. People flocked to them from outside and some came even from British districts. The result is that when it became possible to turn from the urgent strain of saving life to the necessary counting of the cost, the Talukdars of these areas have been held liable for a debt of some 23 lakhs on which interest is running. I need not weary this Council with details, but I should like to ask the Government of India to recognise that before their aid was invoked the resources of these people were utterly exhausted, and they themselves on the brink of starvation ; that the whole of the debt is in no case fairly chargeable to these petty landholders ; and that, having regard to the history of the Bombay Thana Circle, the principle should be accepted that when famine is so severe in these areas as to render Government relief unavoidable the expenditure should be treated not as loans, but as direct Government famine expenditure. I would therefore ask the Hon'ble Member in charge Finance Department in his own good time to write off past expenditure and, in the meantime, to permit the amount to remain free of charge on account of interest.

“ If this request can be granted as to the past, and the principles above indicated can be accepted as to the future, there would, I believe, be no difficulty about extending the system of Provincialisation of future famine expenditure which has been introduced for British territory to the Political Agencies under the Bombay Government.

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" I must confess to a little disappointment that the Government of India have not been able to move faster towards what I may perhaps call the settlement figure for police expenditure. The increased cost involved in the proposals of the Police Commission in the Bombay Presidency was estimated in round figures at 26 lakhs. The Commission did not deal either with Aden or with Agency Police, and my recollection at the moment is that the total did not provide fully for Bombay City ; but the Bombay Government cannot omit any of these areas in forming their anticipations of necessary expenditure on reorganisation. It is true that it was not possible to spend on recurring expenditure within those years the whole of the grants made available by the Government of India last year and the year before. It was necessary to obtain the sanction of the Secretary of State to detailed proposals, and that takes time. But when I left Bombay in November last sanctions had been received which enabled the Inspector-General of Police to estimate that in 1907-08 he could work up to an expenditure of some 13 or 14 lakhs out of the total. That will not now be possible. I am afraid the suggestion that balances of previous grants should be utilised to permit of higher recurring expenditure during the coming year will seem very dangerous to the Financial Department of the Local Government unless the Government of India can give some definite forecast of their intentions as to the grant to be made next year. Furthermore a considerable part of the balance has been utilised in Bombay to press on the building of the Central Police Training School which institution is the keystone of the reorganisation and which in view of famine anticipations would otherwise have had to wait. Any of the changes advocated by the Commission which affect large bodies of the subordinate force cost large sums, and I venture to press the view that the grant made available each year should, if possible, be such as to permit these reforms to be pressed through as rapidly as the details can be matured. The efficiency of the Police is a matter which affects the daily life of the whole population.

" There is only one more subject on which I wish to dwell, and that is to suggest that the Government of India can neither reap the full fruits of the semi-permanent financial contracts recently concluded, nor control the ever-increasing cost of Secretariat establishments, whether Imperial or Provincial, without a complete revision of the rules and orders which govern the relations of the Local Government with the Government of India. With the completion of these contracts a position is reached whence considerable progress might be made in the direction of decentralisation.

" I do not propose to dwell on the evils of centralised administration. They are, I think, generally admitted. Nor do I think it fitting that I should in this Council use my official experience to illustrate the progress of the evil in the Indian body politic. I also believe that to be unnecessary, for the Government of India are, I trust, anxious for all devolution of authority which may be found possible within safe limits. I am, however, so impressed by the magnitude of the danger to the wholesome administration of the country, and by the rapidity of the progress of the evil in recent years, that I think it is the bounden duty of any one who has given attention to the subject to offer such suggestions as he thinks practicable for consideration and with a view to promote further discussion of possible remedies. Therefore I venture to press for decided action in the direction of decentralisation, and I would suggest that, if necessary, a strong Committee be appointed to work out a scheme of devolution of financial and other departmental control. In the meantime the following suggestion is, if approved, easy of immediate adoption; and while giving some relief will perhaps help to bring to notice matters requiring more deliberate and formal action. There are at the headquarters of every Local Government financial officers of the Government of India—Accountants-General and Examiners of Public Works Accounts. I suggest, firstly, that all Local Governments should be given discretion themselves to dispose of all particular cases either of infringement by past action of financial rules of control, or indeed of all cases of any kind which do not involve the enunciation of new principles of administration or involve sanction of fresh expenditure beyond the limits imposed from time to time, *provided* that the Accountant-General or the

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Examiner concurs in the proposed disposal as reasonable and as being such as his experience shows that the Government of India are likely to sanction ; secondly, that quarterly or six-monthly returns of all such cases should be submitted by the Accountant General or Examiner to the Finance Department of the Government of India. The object of this return is twofold, firstly, to enable the Government of India to check any tendency of which they disapprove without re-opening particular cases in correspondence with the Local Government ; secondly, to lay before them material which will enable them to ascertain without difficulty the rules and orders of control which are found in practice to be uselessly strict. I need not elaborate the suggestion in this place and would content myself with pointing out that with necessary modifications the same system can further be applied with great advantage to the work of all Departments. It is a system which I believe is already in operation as between Secretaries in the Government of India Departments and Members of the Government, and I venture to urge that the Presidency Governments and the Lieutenant-Governors of Provinces may be fully trusted not to abuse a confidence which for years past has been safely entrusted to officers of lesser position. I also venture to submit that directly the decision of the Government of India on any particular case can be so confidently anticipated by a Secretary that he can himself deal with a letter from a Local Government seeking the orders of the Government of India, that fact alone is ample evidence that the rule or order requiring the reference to the Government of India is ripe for cancellation, and I suggest that some system should be inaugurated whereby continual watchfulness for such opportunities of lessening unnecessary correspondence should be maintained.

“ In many cases, however, Acts of the Legislature require references for sanction, and for such cases the above proposal is inadequate. As regards this sphere I venture to call attention to Act V, 1868. It is a short Act of three sections which authorises the Bombay Government to delegate to the Commissioner in Sind powers conferred by legislation on Government alone. It has been in force nearly forty years, and I venture to assert that, in spite or, as I should prefer to think, because of the generality of its phraseology, neither in the records of the Government of India nor in those of the Bombay Government is there any established complaint as to its operation. I have been in close touch with the working of the Act for over a quarter of a century, having served since 1881 for nearly eight years in Sind, both as a District Officer and as Assistant to the Commissioner and having since those days held appointments in Bombay, which gave me special opportunity of watching the working of the Act. My evidence is that it has been continually used to the great benefit of the people of Sind and with considerable resulting relief to the Sind Administration and the Bombay Secretariat. The Bombay Government have definitely asked for the extension of the provisions of the Act to other Divisions of the Presidency, and I believe that that proposal is still under consideration. I trust it may be approved, but I wish now to make the suggestion that an Act, the same in principle, should be passed by the Government of India for all India whereby the Government of India could delegate to Local Governments and Local Governments to their chief heads of departments down to officials in charge of districts such powers as it may from time to time seem possible and desirable to devolve on lower authorities. It is obvious that when some new legislation is enacted prudence may compel Government to keep the interpretation of its policy in their own hands. Gradually, however, a body of case law grows up, the policy of the Act becomes known and understood, and it becomes desirable to relieve the people of the delays and all offices of the work inherent in references to a central authority which are no longer necessary. If I am told that it is improper to take an indefinite power by legislation, I would ask consideration, firstly, of the concrete experience of Act V, 1868 ; secondly, of the fact that in the published correspondence regarding relief to an overloaded administration in another part of India the Secretary of State drew attention to this Act and suggested that an extension of its provisions might provide a remedy ; and, thirdly, of the history of the Bombay proposals above alluded to which indicates that any other method of procedure would involve

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constant petty legislation, would be dilatory in the extreme, and would therefore be practically useless for the purpose in view. An instrument of devolution, if it is to be practical, must be flexible so that it may suit conditions in different provinces and must also be easy of use.

"Assuming such an Act to have been passed, I offer a further suggestion for its practical working which incidentally may go some way to disarm the criticism I have above indicated. I have above suggested devolution of executive authority coupled with the submission of certain periodical returns. I would further suggest that all officers of the status of officers in charge of districts and upwards and all non-official Members of Council in the provinces be encouraged to place before the Local Governments any proposals for devolution of authority such as may be suggested to them by their own daily experience. Such of these suggestions as may require higher sanction and as the Local Governments may approve should be sent up to the Government of India. Every November the whole of this material together with any Secretariat departmental notes thereon recorded and also all independent suggestions by offices of the Supreme Government for decentralisation might be collected and be submitted for examination and consideration to a strong Committee of this Council constituted from the representatives of the provinces under such presidency as Your Excellency might direct. Beside formulating conclusions on the material so submitted the Committee should have power themselves to originate suggestions and should examine the Acts of a previous year—say the tenth year previous—with an express instruction to secure the devolution of authority and the relief of the Central and Local Governments wherever the consolidation of the policy of the Act has rendered that course possible. I suggest that the Government of India could act with some confidence at the close of each Calcutta session on the recommendations of such a Committee and that a system would thus be established which would operate year by year almost automatically to counteract and minimise the growing evils of centralisation.

"There is one more possibility in such legislation. In October last, when replying to an influential deputation, Your Excellency said that 'the initial rungs in the ladder of self-government are to be found in the Municipal and District Boards and that it is in that direction we must look for the gradual political education of the people. If the Act which I have suggested were to contain a clause allowing, where thought possible, mixed Committees of officials and non-officials to be associated with Commissioners or heads of districts under such rules of procedure as the Local Government concerned might with the sanction of the Government of India approve, then there would be brought into existence a safe way of tentative and experimental progress towards District or Divisional Councils, not merely advisory, but exercising with ever-increasing finality those powers of control over Municipalities and Local Boards which have been hitherto reserved solely to Government or their officers.

"I must apologise for the length of these remarks and the freedom of suggestion used. I have strictly avoided all illustration and have compressed the presentation of my suggestions as far as I felt able. I cannot hope that I have offered the solution of this difficult problem which will be adopted ultimately, but I shall be more than repaid if I have been able to get the subject taken up seriously and dealt with as the wider experience of those in authority may dictate."

The Hon'ble MR. CHITNAVIS said—"My Lord, I must congratulate the Hon'ble the Finance Minister upon his luminous Financial Statement as also upon his achievements. The remissions granted by Government will be widely appreciated. It is a matter of joy that the Salt-tax has been further reduced. The measure will afford sensible relief to the poorest classes, and will enable them to make a larger allowance of salt to their cattle. The people of the country are therefore under special obligation to Your Excellency for this additional relief in the Salt-tax. The other concession will facilitate mercantile

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correspondence. While I accept the gift in a thankful spirit, I must point out that it will relieve only the commercial classes, and will fail to reach the general body of the people. A reduction in the charge for an ordinary letter weighing half-a-tola from half-an-anna to a-quarter-anna would have conferred a greater boon upon them, and would have evoked a warmer feeling of gratitude among them. And the Hon'ble the Finance Minister knows very well that the suggested reduction in the rates does not necessarily entail a permanent loss of revenue. Revenue of this sort has a recuperative energy in it, and any immediate loss is sure enough amply compensated within a few years by the extra income from the increased volume of correspondence. I trust this point will not be lost sight of in the appropriation of any surplus that a continuance of the existing happy conditions and his singular good fortune may place at the disposal of the Hon'ble Member next year.

"My Lord, the budgetted surpluses both for the current year and the year about to begin are satisfactory so far as they go, but the accounts must induce serious thoughts in the minds of the people. An examination thereof will shew that of the sources of revenue Excise and Stamps are fairly important; and far from being demonstrative of a healthy state, they afford proof, the one of moral degeneracy among the people, and the other of growth of litigation. It would be a nice thing if a sounder source of revenue could be found than Excise. The increase in litigation which must account for the expansion of the Stamp-revenue, must suggest lugubrious thoughts to all who have the well-being of the society at heart. Indeed, the effort of statesmanship has everywhere been to prevent people being bled to death by litigation. British Indian administrators also have been fully alive to the necessity of arresting the growth of litigation. With that object, what are known as 'Conciliation Proceedings' have been introduced into the Central Provinces, and the scheme has worked well. The time has now come for developing this panchayeti system on a much larger scale.

"The Hon'ble Finance Member has himself fully dealt with the disquieting item—Opium. The income from this source may become *nil* at no distant future; and however much the opium policy of the Government of India may appear reprehensible on moral grounds, no Finance Minister can view with equanimity the loss of so much as 5½ crores of rupees a year. The Hon'ble Mr. Baker, with his robust optimism, generated perchance by a succession of prosperous years, hopes to be able to forego this large income without having resort to additional taxation, provided there is no sudden crash. The Indian public respond cheerfully to those hopes; but they go further. In view of the fact that the threatened success of the anti-opium movement will depend upon the policy of the British Government over which this Government has no control, they expect that India will be recouped by the British Exchequer for the inevitable loss of revenue. England has spent money like water in the past for conscience sake; she has spent millions for the emancipation of slaves; will she be unkind on the present occasion to poor India—India that, notwithstanding her phenomenal poverty, unaided, has, on so many occasions, borne burdens that should have fallen upon England's shoulders? At least the people here have a right to expect a money compensation from England for the restoration of financial equilibrium in the country.

"As regards expenditure, I regret so little has been allowed for internal reform. Barring the reorganisation of the Police Force, nothing great has been achieved by Government during the year about to close. Nor is anything great going to be attempted next year. And yet reform is needed in more than one Department. It is high time the question of, what is technically called, the Separation of Judicial and Executive Functions engaged the earnest attention of Government. There is no question about the desirability of the reform. Years ago it was recognised as 'a counsel of perfection' by British Indian administrators. Apparently, nothing could be done so long for want of funds. But, fortunately, financial difficulties have now ceased to disturb the calculations and hamper the operations of Government. Government has been passing through a succession of prosperous years. The time has thus come for the wishes of the people in the matter of the separation of Judicial and Executive Functions to be satisfied,

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We in the Central Provinces were especially backward in this respect until my friend the Hon'ble Mr. Ismay, whose retirement from the Service all people there regret, by a series of wise measures, purified the administration of justice, but he could not overstep the limitations of the administrative machinery. A step has no doubt been taken so far as my Province is concerned, but the larger problem of separation of the functions necessarily remained unsolved. This reform is now considered a necessity all over India by the educated classes, and it behoves Government to take practical steps for its trial. It is doubtful if a well-devised scheme will really entail a large addition to the expenditure. Inexpensive schemes have from time to time been formulated by private individuals, and they are well worth trial. I hope, now that its financial difficulties have disappeared, Government will approach the subject with spirit and determination, and earn the lasting gratitude of the people by carrying out the reform in the near future.

"I am glad Government has at last made a large grant for a matter of Education. The larger grant under this head is matter for congratulation as a sort of pledge for greater liberality henceforward in the support of Education. The grant, by itself, may not go far enough, but it must be hailed with joy by the people as marking a wholesome advance in the policy of Government. It is hoped Government will increase the grant year after year until it reaches the ratio which the educational grants of the most advanced European States bear to per head of population. The promise of the introduction of Free Primary Education is additional matter for congratulation. For the greater encouragement of Education and Vernacular Literature, it will be well to have a system of Literary Pensions or Fellowships similar to those granted to poets and distinguished literary men in England. This will give a stimulus to vernacular literature in the country and create a better class of literary men.

"While I felicitate Government on its Educational grant I cannot but regret the omission from the Financial Statement of all reference to the important subjects of Technical Education and Indian Industries. Financial, even more than political, expediency imposes a duty on this Government to see that the people of India have proper facilities for earning an honest livelihood; and what is more lucrative than the industries and the technical arts? The industries support the nation; hence they are an Imperial concern in every civilised country. Some of the Continental Governments support their industries by a system of bonuses. But not to speak of bonuses, this Government has not yet formulated a comprehensive scheme of Technical and Industrial Education. No progress can be made without expert knowledge, and the sooner provision is made for the diffusion of such knowledge the better it is for both the State and the people. True it is, a beginning has been made in the Central Provinces. A Technical Institute has been established at Nagpur under the fostering care of the Hon'ble Sir Andrew Fraser, whilom Chief Commissioner, and thanks to the efforts of the Hon'ble Sir Frederick Lely a School for Handicrafts has been sanctioned. But these are only beginning. What is needed is an adequate system of Technical Education for the whole country. The introduction of a well-devised and comprehensive scheme of Technical Education, supplemented by a system of Technical Scholarships tenable in foreign countries, is urgently needed. I admit Government has sanctioned a few scholarships but they are practically limited to one branch of industry—mining. The number should be increased, with special regard to other branches of technical and industrial knowledge.

"As for the village industries and handicrafts, proper measures for their maintenance and development should be made by Government after a preliminary survey on the lines suggested last year by the Hon'ble Sir John Hewett. And in this connection I will ask Your Excellency to consider how far fixity of the State demand upon land is likely to encourage the industries. With the rent payable by the cultivator fixed equitably and security given him against enhancements, there will be more of capital in the village, which, in the natural course of events, will support the industries. And as an auxiliary to this measure, Government should devise means to foster in the villager

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a desire to invest his small savings in reproductive works. The establishment of Co-operative Credit Societies has been great step forward; but for the improvement of communication in the interior, it can do much to attract the hoarded wealth of villagers into remunerative channels by guaranteeing metre gauge or light railways. A concrete example will perhaps convince Government of the truth of my remarks. Sometime ago the Hon'ble Mr. Craddock, whose appointment as Chief Commissioner of the Central Provinces has given such genuine satisfaction to the local people as securing to them the rule of a sympathetic Governor who knows them so well and a continuity of policy in the local administration, and for which they are under special obligations to Your Excellency, proposed that a metre gauge line should be run from Nagpur to Pandhurna, and the villagers shewed commendable alacrity in promising to take up shares, provided the railway was guaranteed by Government and worked by one of the established companies. The Bengal-Nagpur Railway Company agreed to work the line, but the venture failed because some other conditions were not fulfilled. It is necessary therefore for Government to guarantee small ventures like this, if only to provide remunerative employment for the locked-up capital of the villagers. I must also point out that, in order to create confidence in the breast of the small Indian capitalist, Government should further assume control over Banks and Firms having Deposit Accounts, periodically audit their accounts, and appraise their assets. The introduction into India of the English laws of Entail and Primogeniture, with the necessary modifications, coupled with a limitation of the Land-revenue to 50 per cent. of the gross collection in consonance with the principles underlying para. 12 of the Resolution No. 1—56-2, dated the 16th January 1902, of this Government, is likewise calculated to be productive of the greatest good to the village economy by encouraging accumulation of wealth in the hands of landlords, and increasing the capital of the country, which, sooner or later, will be utilised for industrial development.

"There is another point to be seriously considered in this connection: The countervailing Excise-duty on cotton goods manufactured in India, imposed by an unwilling Government for the satisfaction of the clamant Lancashire manufacturer, has been a clog to the Indian cotton-industry. It has also caused some irritation among the people, who feel that their interests are sacrificed for the convenience of the English producer. On political grounds this feeling should be removed. I trust the present Government is sufficiently courageous to do the right thing by abolishing the duty, which has yielded the small income of 27½ lakhs of rupees in the current year, and is expected to bring in 29 lakhs of rupees next year, in defiance of Lancashire.

"Agricultural industry again is as important to India as manufacturing industry. Government, I am glad, is doing a deal to develop it by the establishment of a special Department, with subordinate Provincial bureaux; but I have some misgiving about the efficacy of counsel only. Here, as in every other matter, example is better than precept. It might be said that the Agricultural College at Pusa and the various Experimental Farms supply the requisite object lessons; but I doubt if a large number of agriculturists have either the will or the opportunity to avail themselves of them. It would be far more helpful to the ordinary agriculturist if Government were to distribute among cultivators of small means through the Co-operative Credit Societies and principal headmen of villages improved mechanical appliances. Once cultivators are convinced of their utility and get acquainted with their manipulation—and the high price of plough cattle and labour is sure to make their usefulness urgently felt—they will form themselves into organisations under the guidance of these Societies and headmen for their importation and adoption in every-day use.

"The question of the supply of plough-cattle has not yet been, I regret, adequately dealt with by Government. It promises to become one of the most difficult questions connected with agricultural improvement in the near future. The price of plough-cattle is going up rapidly and the total stock in the country does not appear to be sufficient. Add to this the depletion of the stock by disease and poisoning, and the impediment to agriculture from want of an adequate supply of cattle will become obvious. Government can do much to

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minimise this difficulty by the exercise of greater vigilance in the matter of cattle-poisoning by the establishment of Veterinary Hospitals at important centres, by providing commons in villages, by reducing grazing-fees in Reserved Forests, and by encouraging cattle-breeding in the country. Government is doing much in this direction, but I hope and trust all this will be done on a more comprehensive scale than is being done at present.

"There is yet another serious difficulty in the way of Indian industrial development. There is a growing dearth of labour at industrial centres, and more than one industry suffers in consequence. Appreciable relief can be afforded by Government in this matter by encouraging emigration of the surplus population of the congested areas into these centres, by checking emigration out of India so long as the internal needs are not fully supplied, and interdicting beggary except in the case of the aged, the infirm, and the disabled. Beggary, as a profession, is on the increase in certain parts of India, and I think the time has come when the strong arm of the law should intervene to arrest its further progress.

"If these subjects are momentous and claim adequate treatment at the hands of Government, there is one other matter which, for its lethal effects and its growing danger to the Commonwealth, has assumed the importance of an Imperial question. Plague, my Lord, is doing havoc among the people year after year; hundreds of thousands of our fellow-countrymen have succumbed to it; like the upas-tree it is overshadowing the whole Peninsula, blotting out from the view gleams of hope and encouragement. I do not think it can be successfully combated by Local Governments; at any rate, their efforts must be largely supplemented by those of the Imperial Government. In this view of the matter, it was the clear duty of this Government to provide money liberally for the extirpation of plague by the opening out of congested areas and rat-killing—the only means experience shews are effective. The Hon'ble Mr. Miller, I may be allowed to express, has however done much to combat the plague in our Province during his term of office, and I take the opportunity of expressing on behalf of the people our great regret at losing such a strong and sympathetic ruler.

"Speaking of the special needs of the Central Provinces, I must gratefully acknowledge the extraordinary grant for Famine Relief. It is a liberal grant and, I am sure, will go a great way to relieve the periodical distress of the Province—a Province which has suffered extremely from famine of late and whose inhabitants still remember with gratitude the great help then given them by Government under the auspices of their Chief Commissioner, Sir Andrew Fraser. The Hon'ble Finance Member must be congratulated upon his ingenious, withal simple, scheme.

"There are, however, other directions, my Lord, in which an Imperial subsidy is needed. Communication is difficult in the Central Provinces, good roads are wanted; hospitals are few and far between; and the needs of Nagpur are equally large and pressing. The City is congested in parts, and, in view of its growing mill population and the factories, a larger number of open spaces are absolutely required for its health and safety. There is also great need for structural improvement. It is desirable to have guest-houses in it for the accommodation of Feudatory Chiefs and Mufassal leaders, interchange of thoughts between whom and the Chief Commissioner is calculated to render administration at once easy and popular. The Provincial Government is alive to the necessities, but the means at its disposal are limited. People therefore look up to Your Excellency's Government for a substantial pecuniary help in each of these directions, and I have every hope they will not be disappointed.

"My Lord, every servant has a right to expect considerate treatment at the hands of his employer. Disappointment breeds discontentment, and discontented servants render at best indifferent service. The interests of both the employer and the employed are thus blended together, and are in a certain manner identical. It is only meet and proper that servants should share in the master's prosperity especially when it is in a large measure due to their devoted service. But I regret that, notwithstanding the fact that a net surplus from the Postal revenue of a trifle less than 16 lakhs of rupees, bating the 11 lakhs of rupees which the fresh

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concession in Postal rates involves. has been budgetted for next year, not a sou has been granted for the relief of the hard-worked, needy underlings whose loyalty and honesty under the most trying circumstances are alike conspicuous. The Hon'ble Mr. Finlay challenged my statement recently that the salaries of Postal employes below the rank of Superintendent and above that of peons were fixed more than thirty years ago. Government at least will admit this much, that the scales of pay in question have not undergone material change during recent years. It will also be admitted, I presume, that prices and wages have appreciably gone up of late. Is it not then just and fair that the poor subordinates should have some consideration shewn them by Government? Your Excellency, with your sympathetic nature, cannot remain irresponsive to the appeals of these officers long, and I feel sure the day is not distant when their case will receive a sympathetic treatment at the hands of Government.

" My Lord, so far I have pleaded for larger expenditure for internal reform and development. The present state of the finance is perhaps not the most propitious for a large additional outlay. The Government, in spite of its large and successive surpluses and its apparent prosperity, is barely paying its way; but the importance and urgency of the reforms suggested and their wholesome influence on the administration and the material and moral progress of the people might well justify, even under present conditions, extravagance, not to speak of unavoidable expenditure. Nevertheless, to remove all cause of complaint and nervousness, I beg to point out that a large amount of cash can be easily made available for expenditure on more ambitious measures of internal reform by the adoption of a more liberal policy in certain directions. The freer association of Indians with the Administration and their larger employment in the Services must prove both economical and politically expedient. The far-sighted policy initiated by Lord Bentinck has been justified by its results, and their excellence demonstrates conclusively the desirability, nay the necessity, of its expansion. I must, however, say that in this respect we are perhaps already ahead of other Provinces in India, as a Commissioner's appointment was lately conferred upon a Parsee gentleman of Berar by the Hon'ble Mr. Miller, and for which the people of the Province no doubt owe an obligation both to Your Excellency and to him.

" The purchase of stores in India and a preferential use by Government of articles made here must conduce to economy and conservation of means. The course is sure to set free annually a large amount of money.

" My Lord, I do not understand why an increasing amount of money should be locked up every year as Gold Standard Reserve. I do not appreciate the principle; I am doubtful about its utility. I do not think it is necessary; nor do I believe that the present satisfactory Exchange is due to it, or that there should be some Reserve by way of insurance against a low and variable Exchange. The present Exchange policy of Government has been determined by its belief in the efficacy of a restricted currency. It has so far succeeded by creating an artificial scarcity of the rupee. The result may also have been partially due to an appreciation in the value of silver, independent of the action of Government. Government has thus the key to the situation. The volume of the currency is dependent upon its will, and if ever Exchange conditions become disquieting in the future, it can give tone to the market by a timely restriction of the currency. If that measure fails, the richest Gold Reserve will fail even more signally. Can hoarded cash alone stop Exchange from falling? How long can Council Bills be withheld? The experiment was tried in the past in vain until the artificial rupee famine acted as a restorative. Why should it then be necessary for a large amount of money to be funded each year against a contingency which, if it happens at all, will swamp Reserves at the first touch? There is the less justification for this policy when money is wanted for pressing needs in other directions.

" My Lord, I will not say much about military expenditure, but I will say this much, that everywhere within the British Empire next year will be signalled a reduction in the Army and the Military Expenditure. England has got a reduction of £2,000,000, and whole battalions have been abolished in most of the

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Colonies. The Indian Military Expenditure of next year must swallow up the whole of the gross income from so expansive a source as Land-revenue and a million pounds sterling more ! It is stated that there is a decrease in the Budget of half-a-million pounds sterling under this head. The decreased expenditure will still exceed the expenditure of 1905-1906 by over 33 lakhs of rupees !

" However, in view of the fact that large reductions in the Army have been made in the Empire, it may not be considered feasible to effect any reduction here ; but it can well be imagined that the Indian Army will have henceforth extra work thrown on it for the protection of Imperial interests in consequence of the measure ; and, that being so, the British Exchequer ought in common fairness to recoup this Government at least a reasonable portion of the cost of maintenance. Here is a direction, my Lord, in which a large retrenchment in expenditure is possible without detriment to efficiency.

" I must take this opportunity to point out that, as a measure for fostering the martial instincts of the people throughout the length and breadth of the Peninsula, Government ought to extend the area of recruitment for the Army. Whole tracts are now marked off and whole classes branded as unfit. I do not know what justification there is for this sweeping denunciation. Prudence requires that the people rejected as disqualified should be given a fair trial.

" My Lord, the loans of recent years must be a puzzle to many. We have them simultaneously with surpluses justifying reduction in taxation. The National Debt increases with national prosperity as disclosed in Prosperity Budgets. That is a position which is more or less of an enigma. The Railways are clearly responsible for these loans. The Hon'ble Mr. Baker observes that Railways in India are constructed from loan funds. Loans become therefore necessary for the expansion of Railways. We have for the next year a modest estimate of a sterling loan of £3,500,000 and a rupee loan of £2,000,000 ; and this moderation in the estimate has been forced upon the Government by the state of the Money Market both here and in England. But, as it is, the Estimate is bad enough, judged by the loss it will entail. The loans would strike one as objectionable and impolitic, assuming that the policy of Government in making Railways a State concern and of providing for them from loan funds is wrong. But of this more later on. Meanwhile, I will only point out that, apart from their undesirability on principle, the budgetted loans will prove commercially unproductive. They cannot possibly yield the full amount, and there is bound to be a heavy deficit which will have to be made good from other sources, possibly from the cash balances. Our present loss will be half-a-crore of rupees. The last sterling loan was floated at an average rate of £94 16s. 5d. against the rate of £97 18s. 6d. obtained in the previous year. There has since then been a further drop in the market rate of the 3 per cent. India Sterling Stock, and according to the Budget it stands now at £90. Unless, therefore, the stringency in the market is suddenly relaxed, money becomes plentiful, and the rate improves considerably, for which contingency there is not much prospect at present. The accepted rate of tender should be less than £90 ; at any rate, it cannot very much exceed that figure. But suppose the rate improves, and the loan is successfully floated on the market at £93 ; even then the loss in present value upon the sterling loan will be £245,000, besides an annual loss in interest upon this sum of £7,350. The loss in present value upon the rupee loan of Rs. 3,00,00,000 will be Rs. 9,00,000, allowing for a discount of 3 per cent., besides a loss in interest of Rs. 31,500 a year. That is, upon the two loans our immediate loss will be Rs. 45,75,000, plus a recurring loss of Rs. 1,41,750 a year ! And this present loss must be made good from the cash balances, which will be depleted to that extent.

" The capital charge for Railways at end of the present year is estimated at £260,356,500. The net surplus budgetted for 1907-1908 is £2,149,700, or less than one per cent. upon this capital. This would hardly be considered sufficient from a commercial point of view. The enterprise is of problematical value. But whether profitable or unprofitable, in my opinion, Railways should be constructed, owned, and managed by private capitalists. If the business is remunerative, as the official statement gives one reason to suppose it is, there will be no lack of

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capital to work it ; if not and the State has perforce to take it in hand, the Railway programme must be considerably curtailed to suit financial conditions. The Railways can with advantage be made over to private companies. I do not conceive there will be any difficulty in making satisfactory arrangements for their transfer, with due regard to facility of transport of troops and stores in times of war and of grain during famine. That will relieve Government of much of its present embarrassments, and will shift the responsibility of efficiently working the lines on individuals whose outlay will be determined by considerations of remunerative employment only. This will also have the effect of bringing into existence a much larger development of railway enterprise, and competition will help to facilitate this development still further. For the protection of the interests of the public, Government can reserve to itself the rights of sanction and supervision. It is conceivable that there will always be lines—for instance strategic and protective lines and metre gauge feeder lines constructed with a view to attract village capital—which will still require Government initiation and support ; but they form an exception. As a rule Railway enterprise should be a private enterprise. There may have been a time when from the exigencies of the situation Railway construction became a State concern ; but with greater intercommunication between the West and the East and the increase in the world's capital wanting employment, this necessity has vanished. There is now no justification for State support of Indian Railways ; on the contrary, expediency requires that encouragement should be given for country and foreign capital to come forward and assist Government in this great work of development. When they are so worked, State supervision will be more careful, searching and effective. But so long as existing circumstances continue, there will be an ever-increasing volume of dissatisfaction among merchants, millowners and mineowners at the drawbacks to quick transmission. I sympathise with the commercial classes in their complaints about the impediments. These constitute a real grievance. Only a few weeks ago complaints came from Raipur that a large quantity of grain became damaged at the station through delay in transmission, and many dealers were said to have suffered heavy loss in consequence. The solution of the difficulty, however, lies, not in a more liberal supply of borrowed capital by the State, but in an early transfer of the concern to private agency.

“ From a scrutiny into the Railway policy of Government to an examination of its Irrigation report is a refreshing transition. The Irrigation Works are satisfactory indeed. The annual yield of 9 per cent. upon the capital outlay justifies their extension to those numerous tracts where the soil is arid and the water-supply is deficient, the convenience, the interests, and the feelings of the inhabitants of populous villages always consulted. Irrigation surely deserves a more liberal treatment at the hands of Government.

“ All said, my Lord, the Budget under discussion is a satisfactory one. It gives proof of the benevolent intentions of Government, and of its desire to promote the well-being of the people. I frankly acknowledge the fact that Government is as anxious for our material and moral progress as we can be. Responsibility goes hand in hand with power, and I am glad Government fully recognises this principle. There are occasions, however, on which the action of Government, not being suited to the circumstances, raises a storm of opposition, and, as often as not, is attended with unhappy results. Such mistakes are inseparable from human institutions and more so from the proceedings of a Government like this which has not always correct information about the actual needs and wishes of the people. Previous consultation with Advisory Councils of their real leaders will minimise the evil and make Government action more conformable to the public wishes. Division of responsibility between the Government and the people is a distinct gain from an administrative point of view. For more practical results, the non-official Members of this Council should be given an opportunity of discussing the Budget with the Hon'ble Finance Member before its presentation. I am happy to observe the Hon'ble Sir Andrew Fraser has introduced this simple plan into his Council. There is nothing like harmonious co-operation ; and the objective of both Government and the people being the same, a little more of consideration, a little more of mutual apprecia-

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tion, a little more confidence in the popular representatives, will allay irritation, secure greater contentment, increase the prestige of Government, and promote the moral and material prosperity of the country."

The Hon'ble MUNSHI MADHO LAL said :—" My Lord, after what has fallen from my learned and Hon'ble Colleagues before me, I have no desire to take up Your Excellency's valuable time nor that of the Hon'ble Members of the Council, but on an occasion like this it is difficult for me to forget the wants felt and burdens borne by my Provinces—the United Provinces of Agra and Oudh ; and the first point that suggests itself in this connection is the adjustment of the amount of funds to be left to the Local Government of these Provinces for expenditure in the various branches of its administration ; but we need not go into the figures, as my Hon'ble Colleague Mr. Reynolds has very ably explained to this Hon'ble Council. It need hardly be said that these funds are allowed to be spent by the Government of India in the Provinces out of the revenues raised by them, and the problem that awaits solution is whether our Provinces have been getting enough to spend in the various Departments of its administration.

"The general complaint in my part of the country, official and non-official, is that in spite of our paying the largest contribution to Government, the sum allotted by the Imperial to our Provincial Government is not adequate and the latter Government is compelled to cut down every item of expenditure to the lowest possible limit. The allotment made to the Local Government does not bear a fair proportion to the revenue which it realizes from the people of those Provinces. It does not bear a reasonable proportion to the surplus. So far back as 1897 the Hon'ble Sir A. P. MacDonnell, late Lieutenant-Governor of our Provinces, in his speech delivered in the Provincial Council observed :—

'From an examination of (these) figures I draw two inferences. The first inference is that the surplus contributed by the North-Western Provinces and Oudh (now termed the United Provinces of Agra and Oudh) to the general account is larger than that of any other Province. It is even more than a quarter of the contribution of all the Provinces put together. It is more than double that of Bombay and it exceeds that of rich Bengal by over ten millions of rupees. The second inference I draw is that the largeness of surplus which we contribute to the Government of India is due to the fact that we are permitted to spend provincially only a disproportionately small amount of revenue which we raise. According to the Financial Department figures all Provinces but two spend provincially over half of their revenue. The two exceptions are Madras and these Provinces, but compared with Madras we come off a bad second, for while Madras is allowed to spend 48 per cent of its revenue provincially, the expenditure in the North-Western Provinces and Oudh is kept down to 42 per cent.'

"In 1902, the Hon'ble Mr. Hardy, representative of the United Provinces in this Council, remarked :—

'The necessity of aiding the large Municipalities in completing drainage schemes and in carrying out other sanitary reforms is specially urgent in view of the inroads of plague. Many of the Municipalities of the United Provinces have large populations, but they are not wealthy as a rule and the expense of introducing water-works has hampered their finances.'

"The condition in which the present Indian education stands has been ably discussed by my learned colleague, the Hon'ble Mr. G. K. Gokhale, in previous years, and the clear comparison with the education of other civilized countries which he has given need not be repeated. But even in this respect our Provinces have not yet been able to achieve what other Provinces in India have been enjoying for many years.

"From what I have submitted it is clear that though our Provinces have been contributing the largest amount to the Imperial Exchequer, they have not been receiving for Provincial Expenditure that proportion of its share from it which other Provinces have got. I am afraid it would take the Imperial Government years to make up the deficiency of the previous years so as to place our Provinces in the position which the more advanced provinces enjoy so far as education, sanitation, medical aid to the rural public, the construction

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of other works of public utility, such as wells, reservoirs and canals for irrigation purposes and water-works and good roads in hill districts for traffic and convenient marching of troops at places where they are badly wanted.

"As regards primary education it is now conceded that it should be free, and it is further conceded that all education according to Oriental notions ought not to be a matter of purchase and sale; but what stands in the way of the diffusion of knowledge among the masses? The reply invariably is want of public funds to help the people in this direction.

"As regards higher education in the country it is not, as in Europe and America, confined to the rich and well-to-do classes only. On the contrary, it is the monopoly of the high born though poor classes in the Indian sense who care more for plain living and high thinking than riches or wealth, but who can get education without paying for it. It would, as a consequence, be a mistake to suppose that if fees in high schools and colleges continue to be what they are the better-to-do and wealthier classes would be educated. On the contrary, there are many people who apprehend that high education might suffer hereafter for the simple reason that the classes who go in for it would not for want of means get an opportunity of receiving it, whereas the richer and well-to-do classes, as usual, may not care to receive it. It is a peculiarity of this country that from time immemorial education has been very cheap to those who cared to receive it. During the Hindu period of its history the students not only got education free, but were provided with board and lodging, books, stationery, etc., by their teachers and professors or by the State. Instances of such education and training can be found at Benares even to this day. During the Muhammadan period and nearly up to the last quarter of the 19th century it remained so during the present rule, when the want of funds stood in our way and we had to make a new departure from the time-honoured rule of providing inexpensive education. It is a pleasure to see that the country is awakening to the need of primary education for males and females, but so long as the Government has not got the means to provide it, the desire of giving free primary education to all boys and girls of the country will not, I am afraid, be an accomplished fact. We are extremely grateful to Government for making us a large grant for education: but, my Lord, our difficulties will continue so long as it does not please the Hon'ble Finance Member to be more liberal to our Provinces in settling the terms of the provincial contract. Having regard to the unprecedented loss of lives that the plague has been causing every year to our Province it would appear not only desirable but necessary to secure the poorer classes of the population from its attack by giving them every opportunity of saving their lives by having recourse to voluntary segregation, disinfection, etc., at the public cost. Any amount of money spent in this direction would not be thrown away. The remarks of the Hon'ble Mr. Hardy who represented the United Provinces in the Council in 1902 apply with equal force now as they did then to Benares, of which I am a resident. It appears that the Hon'ble Member was thinking of its condition when he made the remarks, and it seems to me that he was perfectly correct in what he said.

"Drainage and Sanitation for the town of Benares.

"My Lord, the town of Benares is the oldest and most thickly populated one in the United Provinces. The area called the sewerage area is the oldest part of it and contains all the important ancient temples and shrines of the Hindus. It is to this place that pilgrims from all parts of India go in large numbers every day. It has become insanitary and very unhealthy and requires drainage works and roads to open up the most congested quarters which have become the home of plague and pestilence. Small grants doled out by the local municipality are barely enough to keep it in its present condition. Benares, it may be said, is the centre of Sanskrit learning from time immemorial, and since the establishment of the Queen's College and the Central Hindu College and other educational institutions has also become one of the well-known centres of Western education and culture for all Hindu students from all

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parts of India. During the administration of His Honour Sir Auckland Colvin, Lieutenant-Governor of the Provinces, grants were made and subscriptions realized for the purpose, but the whole amount had to be devoted to an equally important object, *viz.*, the construction of the water-works for the town and of a portion of the drainage-works outside the sewerage area. As the question affects the health of the whole of the Hindu population of India and our Municipal and Provincial grants would not be enough for the purpose, I hope it would not be deemed out of place to mention the fact especially as the plague has been raging throughout the country for a period of more than eight years and has been destroying a large number of our people, and the only way of stamping it out appears to be the introduction of good sanitary measures for the town and completion of drainage works. It may, therefore, be submitted, my Lord, that the question is fit to be treated as an Imperial one.

"I have been informed, my Lord, that the present Benares water-works are in need of repairs and that the municipality of that town is to apply to Government for a loan of three lakhs of rupees. We are afraid that if they are not cared for in time we shall be deprived of a sufficient supply of good water which people have been accustomed to use for many years past.

"Construction of cart-road from Khyrna to Almora.

"My Lord, besides the construction of drainage and water-works for every town in the United Provinces, there are many schemes of Provincial and Imperial importance which have been awaiting completion for want of Local, Municipal and Provincial funds, such as the gap in the cart-road communication from the town of Nainital or the terminus of the Rohilkhand and Kumaon Railway to the town of Almora. My Lord, the districts of Almora and Nainital were annexed in 1815, and the old and historical town of Almora is the headquarters of a district and possesses a fort and contonments in which a full battalion of a Gurkha regiment is stationed. The want of a cart-road direct to Almora is greatly felt by all travellers going to and coming from Almora. The construction of the road for 19 miles or so is not likely to cost much and will be of great use to all officers, Civil and Military, to the battalion located at Almora, and to all people engaged in trade or dealing with reserved forests and the produce thereof.

"My Lord, we are very grateful to the Hon'ble Finance Member for his kindly seeing his way to reducing the salt-tax by eight annas per maund and making the postage cheaper. He should be congratulated also on his reducing the Military expenditure by about half a million, though temporarily, and granting thirty-three lakhs more for education. There is one thing more to which his attention may be invited. There should be an adequate stock of silver coin to suit the requirements of the money market.

"Military Expenditure.

"My Lord, the question of Military expenditure in connection with the Budget debates is a very important one, and so far as our financial difficulties are concerned it may be safely called an all-absorbing one. No item in our Budget estimates is so large as the one relating to it; besides it is an item which will probably go on expanding to the satisfaction of neither the Military authorities nor the Indian tax-payer.

"The reason is not far to seek. According to the modern system of maintenance of army viewed in the light of the progress which the science and art of war have made in this direction, no amount of money however large would seem to suit the requirements of the times. A military officer who cares for the efficiency of the army would not remain satisfied with what he possesses in the face of the progress that is made by the civilized Powers of the world. The increase of military expenditure under the circumstances may be commensurate with the necessity of keeping ourselves up to date in everything. All this would require a good deal of money. Now the question arises—what should be done so as to insure the highest state of

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efficiency in the army by reducing the present expenditure? In this connection I beg to submit that the question of India's defence can, to a considerable extent, be solved by the raising of Militia. This is the opinion of many Englishmen interested in the matter. A paper was read last year in England by Mr. Thorburn, late Financial Commissioner of the Punjab, at a meeting presided over by Sir Lepel Griffin in which the question was fully discussed, and the remarks made on the occasion support my humble opinion.

"India is an agricultural country and the majority of our Indian soldiers come from the agricultural classes. They may be engaged as members of the Militia on feudal tenure as was done in ancient times and is done in Nepal at the present day. This can solve the numerical difficulty to a considerable extent without affecting much the Imperial Exchequer. To begin with, experiment may be made with the agricultural and other warlike people fit to do the work upon such conditions as to Government may seem fit. The next thing that the present Government may duly consider is this, that England should pay a fair share of military expenditure incurred in India in maintaining the troops that are sent now and then from India to engage in wars waged for the maintenance of prestige of the British nation, such as the last Boer War and the Chinese War. In the future too, if such warfare ever takes place, a similar contingency might arise. Under these circumstances would it not be fair to fix a proportion say, one-ninth or one-tenth or even less, of the expenditure incurred in maintaining the British troops in this country that should be borne by England?

"My Lord, I would not waste Your Lordship's time on further details and I am confident that if the humble suggestions submitted by me commend themselves to the consideration of Your Lordship most of the difficulties connected with this all-absorbing question will vanish to a considerable extent.

"Remission or Suspension of Home Charges.

"My Lord, next in importance to the subject of curtailment of Military expenditure, the question of Home charges is one that requires careful consideration not only by the India Council and by both Houses of Parliament but by every member of the whole of the British nation who feels the responsibility of maintaining the Empire. It is an admitted fact that India is the brightest jewel in the crown of our Lord the Sovereign of which both England and India and every sensible and genuine member of the Empire should be proud. When India under the patronage and encouragement of the British nation becomes strong, well-educated, rich and prosperous, the whole of Great Britain and the British Empire would directly or indirectly be benefited by dealing with her; but so long as she remains poor and weak, the best way of practically showing genuine sympathy on the part of the inhabitants of Great Britain towards their Indian fellow-subjects would be to share the financial difficulties connected with the better administration of India at least for some years, so that they may be able to stand on their own legs and be able to march with the times by superior general and technical education extending to all classes of people and the masses and by the latest improvements in all arts, sciences, commerce and industries. It is hardly necessary to submit that there would be no better way of discharging the sacred trust that Providence has reposed on Great Britain, and no time for doing so is more favourable than the present one.

"If all Government functionaries here and in England interested in the welfare of the British Empire could be induced to direct their attention and practical sympathy towards the Indians by remitting or suspending or otherwise softening the rigour of the Home charges to a reasonable extent for a dozen years or more according to the circumstances of the case, most of the financial difficulties that have been staring us in the face would, it is hoped, be solved automatically.

"My Lord, in this connection I may be allowed to give expression to the general feeling of the people, both literate and illiterate, in this country which is generally described by a simile which making every allowance for the fertile imaginative

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faculty of the Orientals, would, I trust, be kindly listened to with attention even in this dignified chamber. India, my Lord, is compared by us to a bride of peerless beauty whom Great Britain, her lord and master, has got by centuries of continued attention, after years of jealousy and rivalry with other European races, such as the Dutch, the Portuguese and the French. She is a country the fame of whose charms from time immemorial has reached every creek and corner of this planet : but like a coy maiden when courted most she has retired the farthest : now that she has grown up she says in confidence to her Lord :

‘You have succeeded in courting me by attention, but now win my heart too. Make me happy, healthy, wealthy and wise, never grudge me any comfort or even luxury I may have a fancy for ; the responsibility connected with the maintenance of your Indian bride is sacred. In matters like this money is no consideration. Besides, in the land of the Orient, Government is always associated with generosity and magnanimity of the highest order and not with cold calculation of pounds, shillings and pence which does not inspire a feeling of warmth, large-heartedness and devotion. If you even like me, I shall love you in return. Would it not look odd, if you send me a bill for every service, large or small, done to me or anything supplied for my comfort or convenience ? What say you to all this ? Viewed from this standpoint, what are twenty or even fifty millions of pounds if spent every year by the British nation out of its pocket for the good of India ?’

“My Lord, such is and has been the standard of judging questions of the kind of the Eastern people, and the ideas which I have taken the liberty to express are a part and parcel of their constitution. It is difficult to say how long it will take them to consider the subject from the point of view adopted by the English people, but that such a feeling does exist there is not the least doubt.

“We have every reason to believe, my Lord, that under such circumstances the British nation, which has always helped even those depressed races who had nothing to do with England, if properly acquainted with our real difficulties, will come to our rescue and will very cordially help us in rearing a superstructure of a class that for its strength, beneficence, success and grandeur, would serve as a model for all Asia which no foreign ruling race in the annals of Government of the Empires of ancient or modern times has yet been able to see either in the old world or the new from the coasts of the Mediterranean to the shores of the Pacific.”

The Hon'ble MAHARAJA OF DARBHANGA said :—“Your Excellency, I congratulate the Hon'ble Mr. Baker on the excellent Budget he has presented to the Council, and for the clear, concise, and lucid manner in which he has arranged its details for our consideration. The fairly good harvests have given him a substantial surplus which has enabled a substantial relief to be given to the people in two directions, inviting universal approval by all. The increased postal facilities for internal communication, by allowing one tola of letter correspondence to be carried for a half-anna stamp, and three tolas for one-anna, will prove a great boon to the country, and will tend to oil the wheels of our internal commerce. May I respectfully suggest that the Government might also take into consideration the case of the smaller newspapers, and allow journals of not more than three tolas in weight to be carried for one-half the present rate. A cheap Press, provided it is a good one, ought to have as much facility for reaching the masses as possible, for it would tend to disseminate the kind of knowledge which would make for contentment, and chase away the ignorance which is so often the cause of unrest and discontent. I hail with satisfaction the further reduction of the Salt-tax, and trust the day is not far distant when the increasing prosperity of the country will enable the Finance Minister to announce its entire abolition. The poorer millions of the land require all the aid which Government can give them to improve the general health and afford a protection against those epidemics which now and again scourge the country. The proper use of salt in diet is a necessary condition of health. The cheapening of its price has always improved its consumption. The abolition of the remaining rupee per maund and the liberation of Salt not only for dietary use but for a great many other purposes in Commerce and Industry may well be the ambition of any Financial Minister in India. The opium question is one which I touch on but

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lightly, merely remarking that if we in India can help the great Empire of China to effect a great moral improvement in its people, we may well afford to look forward to the gradual extinction of the export-duty derived from the drug during the next ten years.

"One great pressing question of the day is the expansion of our railway system and the bringing facility of transport into line with the increasing demands arising out of the development of the agricultural and mining industries. It would not be true to affirm that the Government are not keenly alive to the exigencies of the situation, and I am convinced that as soon as money can be provided and can be profitably spent, it will be forthcoming for the further development of our railway system. But meanwhile, I would strongly urge that possibly a great deal more might be made out of our present rolling stock, if it was indeed kept rolling to some purpose, and not kept idle in sidings, or employed as godowns, when the wagons ought to be quickly used for transport purposes only. The railway expert, the late Mr. Robertson, when examining into this question on the spot, made a criticism something to this effect that in many instances there was no want of wagons, but only of administrative brains to know how to use them. He said that in cases like this, the more wagons the more muddle. I am not aware that subsequent events have dulled the sharpness of this criticism. We have now a board of three Railway experts, and we look to them to straighten out the crooked things in the administrations so far as this is practicable at the present time.

"There is one point, Your Excellency, which I would like briefly to touch upon, and that is our food-grain supply. Your Excellency is aware that the export of food-grains from India especially in times when the people in many districts have scarcely enough to eat, or may be looking forward to a season of actual famine, is at this time greatly perturbing the minds of men who are real lovers of their country. I do not pretend to be able to point out the precise manner of dealing with this question, as it is a complex one on its economical side; but it seems to me, if the Government will adopt my humble suggestion, that a small expert Commission might be very profitably appointed to examine into the whole question of our national food-supply, the regulation by Government of food-exports in time of threatened scarcity or actual famine, and other related subjects; and then the report and recommendations of such a Commission might enable the Government to deal with the matter in a satisfactory way. Speaking of famine and the fact that even in normal times there are still millions of the people to whom a full daily meal is an utter stranger, I rejoice at the increasing interest that is being taken by the Government in the development of scientific agriculture throughout the land. Agriculture is the first and foremost interest of India, and the Government who will teach the cultivators of the soil, by improved methods, through experimental farms and agricultural teaching in our common schools and colleges, to improve the quality of the produce and greatly increase the fertility of the soil, will earn the enduring gratitude of posterity, and will effectually extirpate famine from the land. Let the interest of scientific agriculture be fostered as one of the primal needs of India.

"Another closely related question is that of the development of the Fisheries along our vast stretches of coast, and in our internal waters. The wealth to be obtained from our seas and rivers is fabulous in its extent. And when Fisheries in India are put upon a proper footing the food-supply of the people will be hugely augmented, and the comfort, well-being and wealth of the country will be vastly increased. I am well aware of what the Madras Government are doing in this matter, and of the beginning that is being made in Bengal for an investigation along the same lines; but surely the time is now come for the establishment of an Imperial Board of Fisheries as a Department of the Government of India to exploit this hitherto neglected but splendid asset of the Empire, and under the direction of a Minister chosen because of his experience and expert knowledge of the subject, guide the Provincial Governments in their work of exploitation. Our great ally, Japan, is showing Asiatic peoples what can be done in the fishing industries. Why should India be behind?

[*The Maharaja of Darbhanga.*]

"Your Excellency, we have waited long and are waiting still for the production of that comprehensive scheme for the cleansing and the beautification of the Metropolis of the Indian Empire. Your eminent predecessor, Lord Curzon, was anxious that Calcutta should have been converted into the Queen of the East before his term of office expired. I will be thankful if Your Excellency can give us any hope that the scheme will at least be begun to be put into execution, if it cannot indeed be largely completed, before your own term comes to an end. The city reeks with pestilential spots which harbour the growth and spread of fell diseases which so swell our mortality returns. I would humbly urge that the improvement of Calcutta should be taken in hand without any more delay.

"My Lord, I observe there is to be a Colonial Conference held in London next month, and Sir James Mackay has been appointed by the Secretary of State to represent India at the said conference. I trust that our country's interests will be so safeguarded that India will have a free hand, without any handicap whatever, to develop her international trade with other countries in such a manner as she deems best for her own interests. But, my Lord, there is one proposal which the Colonial Premiers are to bring forth and urge upon the British Government, and that is the establishment of an Imperial Intelligence Bureau, by means of an all-Empire Cable for the daily dissemination of all important news by wire to every part of the British dominions. This is a proposal which I think deserves our hearty support, and I trust Your Excellency's Government will lose no time in expressing their thorough sympathy with the proposal just indicated. We are starved in India for telegraphic news of an accurate nature. The establishment of an Imperial Intelligence Bureau would alter the present unsatisfactory state of affairs for the better; would bring us into immediate daily touch with all our fellow-subjects throughout the world, and would thus tend to foster the solidarity of our mutual interests. I trust therefore, my Lord, that the proposal for the establishment of an Imperial Intelligence Bureau will receive your hearty support.

"May I allude for one moment to the Victoria Memorial Hall? We have heard with great concern that after spending ten lakhs of rupees on the foundations and other expenses, it is still a moot point whether the said foundations, which have already sunk to some extent by their own weight, will be able to sustain the proposed great superstructure. As a humble subscriber to the proposed Memorial, and as one who will be absolutely loyal to whatever may be determined upon after the report of the experts appointed to examine the foundation have been received and considered, yet seeing that three years have already gone by and little progress has been made and a considerable sum has already been spent, it may turn out to have been in vain, I would suggest that there should be no great hurry in spending more money in carrying out the original design, even if that course is recommended, until the wishes of the subscribers and the opinions of the leading associations in this country are fully ascertained. In whatever way the money is destined to be spent it will be in honour of the memory of the great Queen, and I think there is a growing feeling amongst the public that instead of one Victoria Memorial being erected in Calcutta of the Museum order, it would be better if the money were divided *pro rata* amongst the different Provinces according to the amount of their subscriptions for the erection in each of a Victoria Memorial of such a description as would prove to be a fountain of perennial benevolence to the deceased and distressed amongst the poor of the people. I merely throw these suggestions out as a hint. There will be no squabbling about the matter. I and those whose opinions I express will be perfectly loyal to the wishes of the majority.

"My Lord, it is scarcely possible for me on an occasion like the present not to take some notice of the present state of public feeling nearly all over the country. I do not refer to outbursts of race hatred in the Press or on the platform, or to ill-advised declamations against Government. Mere ill-feeling, founded not on real grievances, is not a factor to be reckoned with. I desire to

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ask Your Excellency's attention not to passing manifestations of the kind, but to a deep and settled feeling, a consciousness, that solemn pledges given by our rulers, remain, to use the words of one of our most brilliant Viceroys, 'inadequately redeemed,' and that there is not scope enough for aspirations which have been created and fostered by more than a century of beneficent English rule. Even the masses have commenced to take an increasing interest in the present situation, and the educated classes appear to be pervaded by a growing discontent with the limited range of public life open to them. My Lord, I am anxious not to be misunderstood. I do not mean to deny that rights and privileges have been conferred from time to time, and the sphere of employment and influence widened. The present discontent I regard as an expression of the conviction that the opportunities open to the people are not proportionate to their present capabilities. The intelligence, the accomplishments, the capacity of the people have been expanding, and it is felt that there has been no corresponding enlargement of their spheres of action, and no sufficient recognition of their talents and energies. If I understand the public feeling rightly, there is at the same time however a widespread conviction at the present moment that the Government of India is fully alive to necessities of the situation, that it will shape its policy with due regard to the altered circumstances of the country. The few suggestions that I proceed to make relate to reforms which, I believe, are most urgently needed by my countrymen. The separation of judicial and executive functions is a reform that is demanded on no mere abstract principles but on the very practical ground of the efficient and independent administration of justice. I am not sure if it is likely to prove at all expensive; but even if it was, the reform is of a character which would justify any expenditure that might be bestowed on it. It is not necessary for me to go into details and attempt a vindication of the reform. Lawyers of great eminence in this country and England have pronounced in its favour, have in fact declared it to be imperative. Opinion, official and non-official, has been collected upon it. Government is in a manner pledged to an acceptance of its principle, and I believe the only thing waiting is a definite scheme. The subject is one which is in every way ripe for reform, and every day of needless delay in dealing with it only prolongs an unquestioned evil and adds to the popular discontent. Laws and Courts have a peculiar importance in this country. They are regarded as the one check on the executive. What is needed to improve the administration of justice and inspire public confidence in it, is an entire severance of the judicial and executive branches of the administration and an emancipation of the judiciary from the control of executive officers. For this purpose it seems to me that not only should the Civil Service be bifurcated, but that the judicial branch of it should be liable to recruitment from the legal profession as well. Judicial work is essentially one for trained and professional lawyers, and Government would be taking a step in the right direction by reserving to itself the power of appointing members of the legal profession directly to some of the judicial offices.

"Another reform which is of no less importance and which demands immediate consideration of the Government of India is that relative to the expansion of Local Self-Government. Self-governing bodies are instruments for the training of the people in the arts of administration, and they supply an outlet for the energy and ambition of the people. They lighten the burden of officials and bring home to the people the responsibilities of government. I earnestly hope that at no very distant day the Government will be able to see its way to increase their strength, powers and responsibilities. Local bodies offer the only opportunities open in this country for developing practical capacity and acquaintance with the affairs of public life. I should very much wish that gentlemen belonging to the commercial and landholding classes might be drawn to these bodies and fitted by the training which they might thus receive for responsible work in higher spheres of public life. I hope to see our Provincial Councils of the future largely recruited from gentlemen who have distinguished themselves in district or municipal work.

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"The time has also come when our Legislative Councils stand in need of expansion so that they may become more representative; but that is a subject on which I need not dwell at any length, for it has recently been under the consideration of Your Excellency's Government and will in due course be dealt with by the Right Hon'ble the Secretary of State. I only hope that whatever measure of reform may be passed it may be of a substantial character, that it may communicate more of life to the Councils and may to some extent gratify national aspirations.

"In reply to a suggestion my Hon'ble friend, the Financial Member, was good enough to promise last year that Government would take in hand the subject of free primary education. I am glad to observe that the Hon'ble gentleman has redeemed his promise, and progress is being made in the direction of establishing a complete system of free primary education. The country ought to feel deeply grateful to the Hon'ble Financial Member for the assurance he has given us in regard to free primary education and for the liberal provision made in the Budget for education in general. I find that at the instance of the Government of India the Local Government has had to take up the subject of Secondary Education in schools, and I am sure something will be done towards improving and developing the present system. I trust also that the generous attitude taken up by the Government of India towards higher education will be maintained, and that such grants will be made from time to time to the University as will enable it to extend the sphere of its usefulness and improve the efficiency of its colleges. Technical education stands on a special footing. It is necessary not merely as a training of the mind and the hand, but as a bread-winning accomplishment. India is at once poor and backward in the industries. Technical education is, therefore, one of the more urgent needs of the country. Government is alive to its importance and it has done much to promote it, but a great deal more remains to be done. It seems to me that the first thing necessary is a large, well-organised Central Technical Institute. The requirements of such an institute will be large and expensive, and it will probably not be desirable to fritter away resources by having a large number of small institutions. There is now a widespread movement for the development of arts and industries in all parts of the Empire. Your Excellency has declared your sympathy with the movement and has given it your active assistance. The Indian Industrial Exhibition recently held in this city would scarcely have been the success it was, if it had not been for Your Excellency's aid and patronage. I hope Your Excellency will be able to see your way to have an Exhibition of Indian wares organised under Government auspices, say two years hence. These Exhibitions prove themselves to be always great educational factors in stimulating the progress of commerce, industry, science and art, and nowhere else are these factors more required than in our Indian Empire. I trust the Hon'ble Minister for Commerce and Industry will take this matter into his sympathetic consideration.

"Before concluding I would like to allude to the recent visit of His Majesty the Amir of Afghanistan, and to the far-reaching results which will ensue from it in the interests of peace, friendship, and good understanding, along with freer intercourse between Afghanistan and British India. The visit has proved that kind words are more than shot and shell, and for the promotion of enduring peace, personal contact and the friendly intercourse of opinions and hospitalities are of more avail than any number of military expeditions. We are all, I am sure, grateful to His Majesty for the fine spirit he exhibited during his visit, and for the words of conciliation he spoke in the interests of concord between the Hindus and their Muhammadan brethren. My Lord, the spirit of reconciliation is in the air. The people of this country belong to diverse creeds; but why should we bring such diversities, with their acute angularities, into the region of political and social life? Amidst all diversities of creeds, there is one religion penetrating all, the aim of which is to produce good men. And whenever and wherever good men meet with an honest desire to know one another, they soon find out that the things they have in common which make for lasting friendship are more than the mere externals which divide them. I am, there-

[*The Maharaja of Darbhanga ; Nawab Saiyad Muhammad.*]

fore, delighted to learn of the movement in Calcutta for the bringing together of cultured gentlemen of all creeds into the club land of fraternal intercourse, and I trust it will be but the beginning of better things to come. Your Excellency will also be pleased to hear that it is intended to form a Hindu and Muhammadan League having its head-quarters in Calcutta with branches all over India for the purpose of promoting friendship among the two communities and for taking united action in furthering the common weal of the people and for the development of all that makes for social, political and moral progress. I would bespeak the gracious benediction of Your Excellency on such movements as I have indicated. And I am sure I am expressing a universal conviction that if the fine spirit of sympathy and kindly consideration for all classes of the people which so eminently marks your rule, becomes the inspiration of all the officers of your Government, from those who immediately surround you in Council down through all ranks, even penetrating those who come into more immediate contact with the daily life of the common people, Your Excellency, during your term of office, will have done more to cement the loyalty, and to sweeten the lives of the millions, than by the passing of any number of so-called heroic measures, and you will have the supreme satisfaction of being able to hand over to your successor a loyal, happy and contented people."

The Hon'ble NAWAB SAIYAD MUHAMMAD said :—"My Lord, I desire, in the first place, to be permitted to congratulate the Hon'ble the Finance Member on the eminently satisfactory character of the Financial Statement presented to the Council. The country will welcome with gratitude the announcement of a further reduction, making the third instalment, of the Salt-tax, reducing the duty to one rupee a maund. As was fully expected, each reduction of the duty on salt has been followed by a large increase in consumption, and although for the present it may appear that a large amount of revenue has been sacrificed, it may be safely predicted that increased consumption will steadily restore this source of revenue to a normal level. But what appears to me to be the chief satisfaction to Your Lordship's Government and the country at large is that such a necessary of life and health as salt will be now freely within the reach of the whole population. It is gratifying to note that the Hon'ble the Finance Member is disposed to look cheerfully at the prospect of the gradual diminution of the opium-revenue. We could have nothing but sympathy for the Chinese Government in its earnest resolve to grapple with the opium habit of the Chinese people, and if that Government contracts its home-grown opium, the British Government should help it by a gradual contraction of the export of opium from India to China. It must necessarily be a slow process spread over a number of years. Nor can the economic effect of the absolute discontinuance of poppy cultivation be entirely overlooked. But so long as the change is gradual, and is not likely to be sudden, I venture to think there is no apprehension of a serious financial dislocation.

"Far-seeing and beneficent as are the changes introduced in the financial system, permit me, my Lord, to express my strong conviction that it is not merely by changes in the fiscal system but by a judicious and wise economy in expenditure that the future can be faced calmly. The relief to the tax-payer can be but temporary unless the Government enters on a bold policy of retrenchment, so that the reduction of revenue which we anticipate may be met without embarrassment. Looking back over many years, if not decades, of our financial history, I am unable, my Lord, to indicate any point of departure from the settled policy of increasing the expenditure. Your Excellency has worthy precedents to follow in the examples of Lord Mayo and Lord Ripon. The claims of the Services are insistent and oftentimes overpowering. But the new situation forced on the Government by circumstances beyond their control—I refer more especially to the possible extinction of our opium-revenue—indicates the path along which progress must be made, so as to bring revenue into reasonable correspondence with expenditure. The curtailment of expenditure, especially on the Services, is both an economic and a political necessity. I cannot, within the limits of such a speech as time and patience of the Council would permit, go into

[*Nawab Saiyad Muhammad.*]

details. Let me say, my Lord, that overgrown expenditure should be curtailed in many directions. Nothing less than a partial re-adjustment of the whole administrative machinery will meet the situation.

"The new scheme by which each Local Government, whose territories are liable to famine, will be enabled to build up a reserve of credit with the Imperial Government is equitable, and will be appreciated by the Local Governments. The Government of India have rightly recognised that the old arrangement by which the cost of famine relief was made wholly a Provincial charge was open to serious objections, and such expenditure would in future be shared by both the Provincial and the Imperial Governments. While on this subject, I beg to draw the attention of the Government to the serious proportions the plague is attaining and how it threatens to bring on a grave administrative crisis. I am fully aware of the attempts that are being made to trace the etiology of the disease and to bring it within the sphere of rational and scientific treatment, either by way of prevention or cure. But the rapid depletion of towns and villages and the consequent decrease in population are grave facts that cannot be overlooked, and must ultimately affect the revenue as well as the administration. While therefore the Committee of experts is at work the Government might well make an experiment on hygienic principles and encourage the evacuation of affected villages in rural areas by helping the villagers to build new houses on new sites. A grant to Provincial Governments for this purpose may well find a place in the Financial Statement.

"In the forty-second paragraph of his Statement, the Hon'ble the Finance Member refers to the increase in the expenditure on education provided in the estimates for the next year, and a pointed reference is made to free primary education. The assurance that the Government are keen about it and the Secretary of State is prepared to sanction a scheme, even though no budget provision is made, is most gratifying. But the reservation about the financial position is not so assuring. I trust that it will be possible for the Hon'ble Member to make a definite announcement as to whether the scheme is likely to come into operation during the next financial year. The need for the scheme is so palpable and pressing that it is unnecessary to discuss that point. And I hope the financial position would admit of this scheme being carried out in the course of the year.

"The decision to raise the weight of letters carried for half an anna from $\frac{3}{4}$ of a tola to one tola and that for one anna from $1\frac{1}{2}$ tolas to 3 tolas will be welcomed by the entire community as an advance in the right direction, testifying to the success with which the Post Office in India has been worked. A vexatious controversy has arisen over the prospect of the further reduction of telegraph charges, both Indian and foreign. I am aware that the whole question, at all events in its Indian aspects, is before the Telegraph Committee, to whose report and the Government orders thereon we are looking forward. I should be very glad to hear from the Hon'ble Member in charge of the Department of Commerce and Industry that endeavours are being made to minimise the inconveniences resulting both to the public and the Press in the matter of quick transmission of messages. Lord Curzon's concessions in this respect to the public and the Press can be but a failure if there is no adequate staff to carry out the onerous duties cast on them. The question as regards foreign cables stands on a different footing. But there are considerations of overwhelming moment why foreign cable charges should not be reduced still further. And I venture to express the hope that ere long these desirable reforms would be introduced.

"My Lord, I should like to suggest that political and territorial pensions may be exempted from income-tax. These pensions are of the nature of a free grant made for special services and considerations, and it would be both graceful and wise to exempt them from the tax to which other ordinary incomes are subject.

"In conclusion, my Lord, let me reiterate my profound conviction that all our hopes for the future are bound up not so much with measures that tinker the administrative machinery here and there, but with lasting

[*Nawab Sayyad Muhammad; Nawab Bahadur Khwaja Salimulla of Dacca.*]

reforms which go deep down to the bases of life of the great Indian communities. I shall not be doing my duty as a member of this Council if I do not bring to Your Lordship's notice the necessity for timely and well-considered measures being taken to widen the basis of Local Self-Government, and increase the popular representation on this and the Provincial Councils. This reform, as well as the wider association of Indians with the higher branches of the administration, is obviously called for to meet the growing discontent and disappointment in the country. My Lord, I should like to say a word endorsing the view of the Hon'ble the Maharaja of Darbhanga, that there can be no nobler aim of statesmanship than the promotion of amity and good feeling between all classes of His Majesty's subjects. Your Lordship's personal influence has been consistently exerted in this direction, and we hope the efforts of the Government also will be directed to the same end. May Your Excellency's *régime* be signalised by measures calculated to widen the beneficent scope of the influences that tend to promote the union and peaceful progress of the races who own willing loyalty to His Majesty the King-Emperor!"

The Hon'ble NAWAB BAHADUR KHWAJA SALIMULLA OF DACCA said:—
 "My Lord, I join the happy company that I see around me in bestowing the well-merited praise due to my Hon'ble friend the Finance Minister in again presenting us a most satisfactory Budget, and save that I desire to add my tribute of gratitude to Your Excellency for the further reduction of the Salt-tax and the Postal charges, which will be appreciated by everyone in this country, and for the handsome grant made under Education, and, above all, for the resolution of the Imperial Government to bear in future the lion's share in famine relief. I refrain from criticism of the Budget because I feel it is presumptuous in us laymen, without the actual facts and materials before us, to attempt to fault-find, much more to advise Government as to what the Budget should contain; for we are ignorant of the policy and circumstances on which, from the expert information at command, Your Excellency in Council determines what the Budget of the coming year should be; and where my Hon'ble friend Mr. Gokhale last year failed, it is not within the province of such an humble individual as myself to suggest what should and what should not be the lines on which the annual financial needs of the country should be based. Such criticism, I am humbly of opinion, virtually implies that the authorities take no consideration or thought, and never weigh the pros and cons of any measure of policy, and, if not regardless, are totally ignorant of the needs of the people and the methods of civilised Governments. The absurdity of such an assumption on our part was clearly brought to our notice in the reply my Hon'ble friend Mr. Baker gave last year in this Council to the speech of, I have no hesitation in saying, the most able of our non official colleagues. That reply showed how Government had fully thought over most of the schemes in his—to use the Hon'ble Mr. Baker's expression—'overwhelming programme of economic and administrative reform'—and how these had been fully considered by Government without any outside aid or advice, and why such of them as had been deemed desirable Government had been unable to bring into operation. It is criticism on our part of this kind which is like tilting at a windmill. But what should be our duty towards Government is to bring concrete cases we come to know of which may have escaped the attention of the authorities, and which have only to be brought forward by us to receive the consideration of the experts at the command of Government which the importance of what we may have to urge deserve. It is on these lines that, with Your Excellency's permission, I propose to confine the remarks I have to make on this occasion. I do not want for a moment to indicate that the Government of this country is perfect, that it does not make mistakes; indeed, my Lord, it is a trite saying that even Homer is found at times nodding, and therefore what we have to do is to bring to Your Excellency's notice facts which show the inconvenience and hardships felt by the public, and also such matters as come to our knowledge which appear to retard the prosperity of the country, so that they may be remedied by Government.

"It is with this view that I had put certain questions in this Council, but to which the answers given have not been satisfactory; and I therefore avail of

[*Nawab Bahadur Khwaja Salimulla of Dacca.*]

this opportunity to animadvert on these matters in the hope that I may secure further elucidation at the hands of Your Excellency's Government. For instance, to my question whether Government will take steps to see that the English Parliament contribute towards making good the loss of revenue which will accrue if, owing to the persistent efforts of the opium party in England, the total amount derived by Government from the opium revenue is abolished, the Hon'ble Mr. Baker was pleased to reply 'that the Government of India think there will be no advantage in anticipating any such result from the proposals of the Chinese Government now under consideration.' While in the concluding paragraph of this reply, I admit that it may be that, in the particular speech of the 30th May last mentioned by the Finance Minister, the Secretary of State has not made any statement of the kind on which my question was based; but I beg to point out that in my question I have referred to no particular speech of Mr. Morley; on the other hand, I beg to submit that the Right Hon'ble gentleman has stated something to the effect I had mentioned on another occasion in the House, as will be found by a reference to the *Pioneer* of the 25th November last. And the remarks of my Hon'ble friend in introducing and explaining the Financial Statement do not help us much further, save that they foreshadow a loss of opium revenue to the extent of some Rs. 96,00,000 (Rupees ninety-six lakhs) in the coming year—a loss this country is to suffer to please a few faddists in the House of Commons on the supposed idea that the Chinese Government have resolved to prevent opium consumption in that country. But, my Lord, no one is inclined to put much faith in the assurance of the Chinese Government, and we fear that this assurance may be used as a plank by the anti-opium party in Parliament to get the Secretary of State to commit himself to a line of policy which may hereafter be difficult to withdraw from, and which will simply benefit the Chinese Government at the expense of a legitimate source of revenue of this country; and I see the comments in the public Press are entirely of the view I ventured to suggest by my question, that Government should endeavour to strengthen the hands of the Secretary of State, so that 'if in a virtuous moment Great Britain decides that the industry must be abolished, then she should bear the cost. It would be the height of meanness and hypocrisy to saddle the tax-payer of this country with a cost of British recitude.' I therefore trust that Your Excellency's Government in what has been addressed to the Secretary of State has brought forward the right of this country to be compensated, even for the 96 lakhs which are to be given up to please the English Parliament. My Lord, Your Excellency's Government cannot be ignorant, but I desire for the information of this Council just to state that out of the 30 thousand tons of opium consumed by the Chinese, only 3 thousand tons are Indian opium, and that since the opium edict of the Chinese Government of the 20th September last, it has been reported that the sale of the drug in China has not only not in any way been decreased, but has gone on increasing by leaps and bounds; while out of our total income of revenue one-tenth is derived from opium. And just to take the concrete case of Patna, we find some 16 million souls live by the occupation of the opium industry, and thus we can imagine what we will suffer by a total abolition of this revenue. While with reference to the reply of Your Excellency's Government, given me on this subject, I take the liberty to quote Your Lordship's own views, so aptly applied to the Hon'ble Mr. Gokhale's criticism of last year on the Army Expenditure that: 'He advises us to hang up our military re-organization, till a more disquieting situation arises; that is to say, *wait till the moment of danger arises before we put our house in order.*' My Lord, I respectfully urge that we should not wait, but take time by the forelock and put our house in order before we find ourselves deprived by a radical Parliament of a revenue of six crore rupees from an industry which is the means of livelihood of a countless number of the inhabitants of the country.

"In the same manner, the answer of the Hon'ble Sir Harvey Adamson to my question regarding the Urdu Lexicon, the *Anur-ul-Logat*, is disappointing, that the Government of Your Excellency should be taking no interest in the advancement of Oriental studies, as 'to have no information regarding this

[*Nawab Bahadur Khwaja Salimulla of Dacca.*]

Urdu Lexicon.' But from enquiries I have subsequently made, I learn there is some information forthcoming regarding this valuable work in the Secretariat. And what has grieved me in the answer I received is, that while the German Government spends money with no stinted hand for the encouragement of Oriental studies, and the Society established in London for this purpose sent a deputation headed by Lord Reay to the present Secretary of State and received much encouragement from the Right Hon'ble gentleman, yet he has been the very person to withhold the sanction of the paltry sum of £400 (four hundred pounds) per annum recommended by the Madras Government for the publication of Dr. Pope's Tamil Lexicon. May I beg Your Excellency to interest yourself in this question, and put us not to shame at what a foreign Government is doing for Oriental studies.

"Again, my Lord, the answer of the Hon'ble Mr. Finlay to my question of whether it is the intention of Government to take measures to legalise the negotiability of railway receipts, that "If Commercial opinion ever asks for the change in the law with some approach to unanimity, the Government will be willing to consider the question.' Now, my Lord, the necessity of railway receipts being negotiable affects more the trade and business of individuals carrying on small and petty trades in up-country and out-of-the-way places. If this facility were given them they would become more enterprising, and the unknown places in which they carry on business may soon become emporiums of large flourishing trade centres; but it is possible this may affect big mercantile houses who have the chief voice in our Chambers of Commerce, and the want of unanimity of commercial opinion is probably due to the interest of these up-country and out-of-the-way native traders (whose enterprise may lead to the opening of the country) not being brought to the notice of Government. But whether or not Chambers of Commerce will with any approach to unanimity ever move Government, yet the recent judgment delivered by the Karachi Court in *The Delhi and London Bank v. North Western Railway*, is evidence of how desirable it is in the interest of banks that these railway receipts were legally declared negotiable.

"My Lord, the Hon'ble Sir Denzil Ibbetson, whom while we are all glad of his promotion, yet regret his absence from among us, in answer to my question of the desirability of the Bill for the amendment of the Bengal Tenancy Act being withdrawn from the Bengal Legislative Council and introduced into Your Excellency's Council, has not been to me and others who are connected with Bengal convincing, namely, that it will avoid the delay which will be involved by its consideration at Your Excellency's hands. But, my Lord, the Bill is of so contentious a character, so seriously affecting the interests of the zamindars and raiyats, and that considering there will have to be two Bills to engage the time and attention of two legislatures, and further, that the Bengal Tenancy Act has now been in force since the last 25 years, any delay of even a year or more by its introduction into this Council will not so seriously affect the interests of the people of the two Provinces affected by the Bill; while the reasons advanced by the Hon'ble gentleman that the Imperial Council should be relieved of legislation which a Provincial Council is competent to undertake, were not applied in the case of the Sindh Encumbered Estates Act and other Acts of legislation which now adorn the Statute Book of this Council.

"To my request to be furnished with a statement showing the approximate number of men employed in the subordinate and ministerial services, and the date when the number and pay in each grade of the service were last increased, I was referred to a statement published in the Gazette of India of the 4th June 1904; but, my Lord, this statement, which thanks to the courtesy of my Hon'ble friend Sir Harvey Adamson I managed to obtain, I find does not meet with the requirements for which I had troubled Government. This statement admirably fulfils the object for which Lord Curzon had caused it to be made, namely, to show the falsity that European and Eurasians were, at the sacrifice of the natives of India, being unduly appointed in the public service. But, my Lord, I have no intention to discuss class legislation; my object (and I may

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say from the information asked for and given to my Hon'ble friend Mr. Chitnavis in the matter of one particular branch of the public service namely, Postal Department) and his is the same, namely, to ameliorate the pay and relieve the hard-worked subordinates in the public services, who are drawing the same pay which their predecessors in the posts now held by them used to draw a quarter of a century ago. My Lord, on receipt of the statement to which I had been referred, I ventured to write for a further statement which could enable us to trace the exact increase in number and pay in the various subordinate and ministerial services, and I have received a statement which, however, I am sorry to say, does not help us much further, for unless we know what was the number of men drawing the salaries, say, in the seventies, we cannot make out whether the increase we are shown in the statement furnished to me as having been made in every department of the public service during 1906 is in proportion to the accumulation of work in all the branches of the public service during the last 30 years. But even this statement, interesting as it is, helps to show how inadequate are the establishments at present in existence. I will only take a concrete case, for instance, the Postal Department, though the same reasoning applies to every other branch of the public service. From this statement we find that throughout the whole of India, the total number of employes drawing from Rs. 30 to Rs. 1,001 and upwards is 9,794 hands. Now, my Lord, of all the administration reports none is more appreciated than the one issued by the Postal Department of India, and one stands aghast at the countless ramifications and work done by this Department; but it is hardly possible to conceive that this huge work can be carried on by only some ten thousand men, except at the sacrifice of great hardship, loss of health and comfort to these hands; and when I see from the Finance and Revenue Accounts of 1905-1906, the net revenue, after deducting all charges of the Postal service, is a surplus of some 12 lakhs of rupees, I respectfully urge that the establishment ought to be strengthened both in number and pay by as early a date as possible. My Lord, those who have served under Government will assure Your Excellency that the amount of work the subordinate and ministerial establishments of the various departments of the public services have to do has been quadrupled within the last 25 years; while, my Lord, the standard of expenses of living in these days has increased in the same ratio, if not more; while the rate of wages in other walks of life have similarly increased. I therefore confidently say that it is the paramount duty of Government to improve the pay and prospects of these men. My Lord, the chief ground of Lord Cornwallis in placing the Civil Service on the satisfactory footing he did was to have a contented and an honest service; and though I am proud to declare that no service in the world can boast of a more loyal and honest set of servants as a whole than the subordinate and ministerial servants of Your Excellency, yet, my Lord, the burdens these men have now to bear can no longer be allowed to remain unrelieved. I know of men in the Postal, Revenue, Secretariat and various other departments of the public services, who have to work something like 14 hours a day, including Sundays. Such is the increase of work now-a-days in the various Government offices, that Your Excellency will forgive me if I parody the famous lines of Thomas Hood:—

“It is not pens and paper
You are wearing out,
But human creatures' lives.”

“My Lord, I confidently assert that we have read with pleasure the resolution of Your Excellency's Government regarding house allowance to high officials in Calcutta, and to the clerks who have to go to Simla, and all we urge Your Excellency to do is to further extend that policy and principle of keeping hardworking, zealous public servants happy and contented to the lower and other grades of the public services. My Lord, those who have been in the Revenue service of Government can alone appreciate the honesty of our native subordinate and ministerial servants; revenue of lakhs and lakhs of rupees is brought from village to village to the headquarters of many a district in India, by men whose

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monthly pay or emolument does not exceed 8 to 10 rupees a month; our postal messengers are entrusted with lakhs and lakhs of rupees belonging to the public, who do not draw more than 8 rupees a month; our schoolmasters and teachers of our young, are drawing the wage of a coolie earned at some of our docks. My Lord, I will not draw further on this harrassing picture. But, my Lord, there is another class of public servants whose claim it is impossible to overlook, and they are the Deputy Collectors and Magistrates, the Munsifs and Subordinate Judges; and a more hardworking, diligent and straightforward class of men it will be difficult to find in any part of the world—all these branches of the public services need to be strengthened both in number and pay. I would rather, my Lord, see that our future surpluses are utilized for this purpose, to ameliorate in some measure the lot of these most deserving public servants, than even a remission or reduction of taxation.

"My Lord, I confess of all the replies given me to the series of questions put by me, the most satisfactory was the one given by the Hon'ble Mr. Finlay regarding British Indian subjects in the Transvaal. I had put that question with the view to show our people that the Government of India is quite as regardful of the rights and privileges of the natives of India in the Transvaal as those who are independently advocating their cause; and it is a great pleasure to me to find that the policy and action of Lord Curzon's administration on this subject is being supported and maintained by Your Excellency's Government. It is one of the unfortunate peculiarities of the method adopted in the Government of this country, that what is being done by the authorities is never made public until the matter is finally disposed of, and this leads ill-disposed people to mislead the ignorant masses, and to induce them to believe that the present-day Government takes no interest in the people; and therefore the answer of the Hon'ble Mr. Finlay has been received with great satisfaction by those amongst whom I live, move, and have my being. But while this answer has been hailed with satisfaction, it has brought to light a curious state of affairs, that these Transvaal Indians—whose cause is taken up and advocated by the Congress, and whose representatives recently went to England, found it necessary to secure the co-operation and support of the Secretary of State for India, and on whom they waited in deputation—should have been so shamefully disregarded of Your Lordship's Government as not to have sent to the Government of India even a copy of the memorial which has been published in some of the newspaper of this country; and this answer shows that Your Excellency's Government has, uncalled and unasked for, done your duty by the people of this country; and I have not the slightest doubt that in spite of this ignoring of Your Excellency's Government, it will continue to take that interest and will safeguard the rights and privileges of the British Indian subjects in the Transvaal as has always been done, and that Your Excellency will take all the measures in your power to see that the British Authorities in England see that the new Legislative Assembly, which has unhappily for us, so scandalously abused its powers by passing the Asiatic Ordinance, by reading it three times at one sitting, will not be allowed to abuse with impunity the powers and privileges with which the new Assembly has been vested, and especially now that we learn that Lord Selborne has reserved his sanction to the Ordinance subject to the King's approval, and that British Indian subjects will not be made to suffer the indignity of being less than the meanest of the subjects of foreign States who have secured a footing in that country. And here I beg to draw the notice of Your Excellency to the reply reported by Reuter to have been given by the Secretary of State in the House of Commons, that the subject of the treatment of Indians in the Colonies was not included in the agenda of the Colonial Conference, *but if there were time he would invite the Conference to consider the matter.* My Lord, I can hardly believe that Your Excellency's Government will allow a matter of time to be permitted to burke the serious consideration by the Colonies at the Conference of this important question: and, my Lord, the recent discussion in the House of Lords initiated by Lord Ampthill is full of hope. I have therefore no hesitation in saying that if Your Excellency's Government were to urge by telegram (for there is hardly time left to do so in writing) that it is the wish

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of the people of this country that this important question should not only be included in the agenda, but should be one of the chief questions to be fully considered and definitely settled in the forthcoming Colonial Conference; and now that the plea of Lord Lansdowne of there being no representatives from India in the Conference being set aside by the appointment of Sir James Mackay, Your Excellency can safely urge for the discussion on the status of the British Indians in the Colonies; and if Your Excellency's Government will do this, Your Lordship will secure the everlasting gratitude of the people of India. My Lord, I do not for a moment deny that self-governing British Colonies, like Foreign Governments, have the sole right to legislate for that which they think best for themselves; and we natives of India, if we with our eyes open choose to domicile amongst them, that we must submit to the laws of the land; but what I contend is that British Colonies cannot put a stain of inferiority on, or put the British Indian subjects on a lower status than that bestowed on the commonest foreigner, and that there should be no difference in the treatment by reason of his colour of one who is a British subject by birth right. My Lord, I feel very keenly on all that affects and reduces the British Indian subject in the estimation of his fellowmen, but I have to confess that I cannot command that eloquence of language which can exhilarate and rouse people to a sense of their duty, and therefore when I find views in consonance with my own, expressed in language which cannot but command the approbation of Your Excellency's Council, I trust I may be permitted to make a small quotation from such. Some Mrs. Stobart has, in the *Evening Review* for February, given to the world the case on behalf of the Transvaal Whites as against the British Indian subjects, and the writer in the *Statesman* has admirably exposed her fallacies as follows:—

'Mrs. Stobart follows the discourteous South Africa practice of using the word 'coolie' as synonymous with 'Indian.' The case that she here puts forward resolves itself into a demand that Indians should be excluded from South Africa in order that white persons may have the privilege of charging high cash prices to Kaffirs, and giving long credit to Boers, and still have a balance over to pay for Churches. This is the ultimate basis of the "free evolution" and the "constructive sociology" on which she lays so much stress. If Mrs. Stobart is thinking only of Polish Jews who are permitted free ingress into the Transvaal, doubtless she is right in arguing that this petty trading is important for them; but as Englishmen we object to the assumption that the English race has no higher rôle to play than to maintain country stores for selling cheap goods to Kaffirs and Boers at fancy rates of profit. It is just because we hold that Englishmen have a far higher rôle in the world that we demand equal rights for Indians in all parts of the Empire. We do not for a moment contend that Indians in the mass have yet reached the same level of civilization or of intellectual capacity that the better classes of Europeans have reached; nor have we the slightest desire to interrupt the elevating work which the influence of the white races upon the coloured races is effecting. Our whole argument has always been that white men must prove their superiority by their actions and not by their assertions. Here in Calcutta white shopkeepers are able to carry on business in competition with Indian shopkeepers, white barristers and doctors in competition with Indian barristers and doctors. They are able to do it because of their own efficiency, and if that fails they will inevitably go down, and will deserve to go down. No race can permanently maintain supremacy except by maintaining superior efficiency, and the whites of the Transvaal, in asking for Anti-Indian legislation, in effect confess that they are unfit for the supremacy which they claim.' With these remarks I feel confident every Member of this Council is in agreement.'

"My Lord, it has been a matter of equal satisfaction to me that Sir Harvey Adamson has informed us on the question put by me regarding the much talked of subject of the separation of the magisterial and executive duties of Revenue-officers, that 'the matter is still under consideration of Your Excellency's Government, that the mass of evidence that has been collected is still to be digested by the Government of India.' But it is because I fear that this evidence is antiquated, and that, less Your Excellency may be induced by the spurious agitation of a bastard public opinion, that I have respectfully urged Your Lordship to stay your hand from putting the axe to the root of the tree which has grown with ages, and rendered protection and shelter to the countless and illiterate during these years, and that we may well wait to see how the experiment works out which has been introduced by some of our Native States, the Chiefs

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of which have been so enamoured with the glamour of the Congress platform oratory. My Lord, from such of the literature on this subject that I have come across, I see that goodnatured Englishmen, brought up from their childhood with the system of jurisprudence in vogue in England, hold it monstrous that a man can be a judge and a prosecutor at the same time, and this is what has led them to believe the Collector-Magistrate to be. But is it so? I ask any one who has any personal knowledge of our administration to state whether this idea is not erroneous? Because the District Collector and Magistrate is the head of and responsible for the police administration of his district, does he thereby *ipso facto* assume and perform the function of a public prosecutor? Is it not rather in his capacity under the Criminal Procedure Code as a District Magistrate that he issues his orders to the Magistrates subordinate to him? Does he, and can he, interfere in the course of justice simply by virtue of his office of being the head of the police administration of the district? Why, the Collector has so much work to do that he has seldom the opportunity, in the course of his official duty as head of the police administration, of knowing of any police prosecution till long after his Assistant or Deputy-Collector-Magistrate has disposed of the case, when it may come before him in appeal or in the monthly criminal return. I do not from this desire to state that there are not instances where a Collector-Magistrate may not have interested himself in a particular case; but will he not be in a position to do so even if he were to be deprived of being the head of the police administration? Do we not see and know of officials unconnected with any particular branch of the administration occasionally interesting themselves in what has been done therein? The most recent instance in Bengal of this presumed influence of officials to subvert the course of justice, I need not say, is the order of the High Court transferring the case against Messrs. Emerson and Kemp from the Civil Court of Backergunj on the application of the plaintiffs, who are all intimately connected with the law, on the ground that they are afraid that these officials (though they have no connection whatever with the *Civil Courts*) will be able by their official position in the district to cause a miscarriage of justice. Now here, my Lord, there is no question of Collector-Magistrate; it is simply because the defendants are officials in the district. I, however, do not deny there are some glaring instances of miscarriage of magisterial justice, but this has been made by designing persons to appear as if this is the universal result of the administration of criminal justice by our Collector-Magistrates. But, my Lord, if a thorough and searching enquiry were to be made, if the poor and helpless raiyat in the far-off and out-of-the-way places of the country could be got to give his *untutored opinion* as to what he would prefer, or if the district officer who is in close daily touch with the people in his charge were to be asked, for the moment, to set aside the delicacy which naturally affects his giving an opinion on a matter which personally affects his work and character, to conscientiously state what he really thinks of the substantial justice meted out to the people, coming, as Your Excellency does, from the free atmosphere of England and Canada, Your Excellency will then know what a sham and a delusion is this cry of the iniquities of the Collector-Magistrates of this country. While the great question of impairing the usefulness of the Revenue-officer if deprived of his magisterial power is absolutely lost sight of by those who have no idea in England of our system of revenue collection, my Lord, I fully agree with W. C. M., whose identity we can hardly miss, in his letter of the 14th February in the *Englishman* of the 18th idem, that 'no one who has ever been either a Mufassal Judge or a Mufassal Magistrate can require to be reminded that British Judges in this country, being aliens in it, require to be brought for some time in their career into close contact with the people in order to understand them and their habits and mind. No man can be a good Mufassal Judge who is only a good barrister trained at home I recognize that there is much both here and at home in the structure of the administration which is very valuable, and is worth preserving; and those who would rush over precipices, running after butterflies with bag nets, with their noses tilted in the air, had better be restrained in their own interest and those of

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others.' My Lord, I cannot command the facile gift of the ready-writer of W. C. M. I therefore cannot express all I wish to do on this subject as happily as he has done; but fully agreeing with all he states, I earnestly commend the perusal of his letter to Your Excellency and Your Lordship's colleagues. But you will forgive me if I enlarge a little more on what I wish to impress on this Council. The main reason of the advocates for this separation is that of the miscarriage of justice that occurs under the regime of the Collector-Magistrate; but, my Lord, any one who is acquainted with the manner of the administration of civil and criminal justice in this country, if honestly disposed to say what he really feels, cannot but state that *it will be disastrous to the life and liberty of the subject* if criminal justice is entrusted to a class of men who can have no means or opportunities of coming into contact with village life, or with the people in their every-day avocation, who have not the means of knowing what is going on in a village or district, which the Revenue-officer, in the course of his natural duties, moving about from village to village, gets cognizance of, and which no amount of perjured evidence, obtainable in the doorways and porches of our Civil Courts, with the knowledge at his command, can ever mislead him; but if we have the Subordinate Judges to perform magisterial duties, we will see enacted what is commonly to be found in their judgments of acting on 'the preponderance of the weight of evidence.' They have no means of knowing that the man who has deposed on oath has a grudge or motive which will aid and help him in any matter or purpose in which he is interested in his village. But, my Lord, are we ignorant of the miscarriage of justice that takes place in countries where criminal justice is administered in the manner, those who now seek its introduction in India? We have before us that terrible miscarriage of justice in the case of that unfortunate Swede, Alfred Beck, again in the case of the 'miserable Edaljee, and in the more recent case of the man Lewes sent to three years' imprisonment on the perjured evidence of the woman Milie Marsh, while the case of Drefus has made our blood curdle cold, and I need not enumerate the cases of miscarriage of justice in America. And is there not miscarriage of justice in our own Civil Courts? While under our Code of Criminal Procedure, our system of revision, supervision and appeal is so complete, and last, though not the least, our native Press ever watchful to bring to light where injustice occurs under British administration, what danger is there, my Lord, for any one in this country now-a-days to suffer in his liberty of person, to necessitate a change which will materially reduce the importance, usefulness, and utility of a great branch of the public service, and can only benefit pleaders and lawyers.

"My Lord, it was with a touch of regret I heard the reply of Your Excellency's Government to my question regarding the taking the public into its confidence as to what Government propose to do in the matter of the future constitution of the Legislative Council, that 'Government is not at present prepared to make any pronouncement on the subject,' and the reply furnished by His Excellency the Commander-in-Chief regarding the 'Councilors of the Empire' makes it necessary for me to trouble Your Excellency again on this subject; for ever since it was mooted that the question of amending the Legislative Council is under the consideration of Your Excellency's Government, great has been the consternation amongst my community that if the amendment is to consist of a further extension of the educational franchise, we Muhammadans will be completely swamped by those of the more educationally advanced communities in the country; and while we felt assured by Your Excellency's gracious reply to the deputation that waited on Your Lordship at Simla, yet we feel that the time has come when we should know something more definite as to what is in store for us, and it was with a view that in case the committee appointed by Your Excellency come to a conclusion which may still further handicap the less educationally advanced races of India that we desire to be permitted to be fully heard before an irrevocable decision has been arrived at by Government. My Lord, from the public papers I find that Your Excellency's Government has forwarded its recommendation to the Secretary of State, and we find that the Right Hon'ble gentleman has from his seat in Parliament declared his

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intention of submitting the proposal to a discussion in Parliament. Under these circumstances I respectfully submit it is but fair to the people of India, if this Council had also an opportunity of discussing this subject before final orders were passed. My own idea is, that instead of the microscopic minority of English-speaking natives alone being invested with increased power of guiding and advising Government, if the Princes, Chiefs, and the landed gentry were taken into consultation by Government and given greater facilities of being heard and consulted, there would be a greater chance of Government arriving at a policy of administration which would be more conducive to the peace and prosperity of the country. For the Princes, Chiefs, and large landed proprietors of the country, having a larger stake in the country and interest in the well-being of the people than pleaders, lawyers and members of other professions who predominate amongst the educated classes, are in as great, if not better, position to aid and advise Government than these self-constituted representatives of the people. And even if it is the intention of Government to give wider opportunities of local self-government to the people by making over to the educated classes the administration of Municipal, District, and Local Boards, free of the control now exercised by Government officials, such an arrangement should be so hedged in as to enable the landed proprietors to get a preponderate share in these administrations, and the rights and interests of the backward classes should be safeguarded. For, my Lord, in spite of the existing official check and control, judging from the almost universal scandalous mismanagement of the municipalities and local boards of the country, I confess that property holders who have a large stake in the country look with dismay at the possibility of having their interest handed over to a body of men who in the past, in the name of progress, have scandalously misused their powers, incurred liabilities, and spent public funds entirely out of proportion to the benefit and advantages accruing to the public; and seeing the exposures which are coming to light in the management of these corporate bodies in Europe and America, the landed proprietors cannot look with composure on a similar state of affairs coming into existence in this country.

“ My Lord, these matters which I have brought to the notice of the Council do not by any means exhaust the subjects that need to be brought to Your Excellency's notice, some other matters have already been brought forward by my Hon'ble Colleagues, and I am sure those who will follow me will do likewise, and I do not intend to trespass on their grounds, but it is probable that one or two matters which I deem should not escape Your Excellency's notice on this occasion, and to these I now beg your permission to briefly allude. My Lord, the question of purchase of stores required by Government from England is one I desire to draw the attention of Government to. We all know the commendable efforts made from time to time by Government to purchase the requirements of Government whenever possible from manufacturers in India, and the last act and resolution on this subject of His Excellency Lord Curzon has done more for Swadeshi than all those who are talking so loudly about it; but it is in Your Lordship's power to still go further, and while the trade must be grateful to Your Excellency for the recent resolution on the jail industries, yet what I respectfully desire to bring to your notice is the claim of the trade, of men who maintain and keep up extensive business establishments and who could supply the articles which are not manufactured in this country, if commissioned, more expeditiously than the India Office Store Department. These gentlemen have become a valuable asset of the country and have a right and a claim upon Government to be assisted in their business since they substantially help the revenues of the country in the payment of custom-duties and income-tax. I however know, my Lord, that it is difficult to tackle the Store Department of the India Office, but if we go on pegging away Your Excellency's successor may succeed in doing justice to a deserving class of the citizens of the Empire.

“ My Lord, it is with much satisfaction that we have seen Your Excellency's appointment of the Ganges Bridge Commission. The evidence recorded by it has been read by all of us with great interest, and wherever it is decided upon to bridge

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the river I trust the claims of the Province, I have the honour to belong to will be taken into consideration by the Railway Board, and a line will be built which will facilitate the great jute and other rising industries of the Province, and if it is decided upon to bridge the river at Sara, the project, so long kept hanging, of a branch of the broad gauge line from Sara to Serajgunj will be taken in hand as soon as possible. While on the subject of Railways I will only make a passing allusion to the great inconvenience caused by the shortage of wagons; for I feel certain this subject will be more ably dealt with by those more competent to deal with the subject than I am. I however earnestly beg that amongst their other requirements, proper arrangements be made on railway platforms for the ingress and egress of the third class passengers, and greater facilities and assistance afforded to these passengers to obtain information as to how and where they have to go about, in the midst of the labyrinth that has come into existence with our palatial railway stations.

“My Lord, we were all satisfied when through the genius of Lord Curzon the trade secured a stability in the matter affecting the customs administration which was assured by the inauguration of the Imperial Custom Service, and though the service is likely to be in a manner detrimental to the interest of the natives of India in the public service, yet native public opinion was prepared to accept this inconvenience on account of the greater good and benefit to be derived from an uniform and systematic service, and those utterly ignorant of customs work and requirements of the trade being no longer foisted on as *kam chalaos*. But, my Lord, serious cries are coming from Bombay that the Collector of Customs of that Province has been allowed to take up the appointment of the Private Secretary to the Governor within the period he was bound under the rules of the Imperial Custom Service to remain in the Department. If thus well-digested and well-considered schemes are to be allowed to run over rough-shod the trade will lose all confidence in Government, and it will be well if the public come to think that the Imperial Customs Service is not to be merely a warming-pan for rising and brilliant Civilians.

“Nowadays we hear much about the growing discontent and unrest in India. One well-intentioned, but, I think, ill-advised, Englishman, instead of keeping his thoughts to himself, has gone on to give a lecture on ‘*If there were another Mutiny*,’ which has been thoroughly misconstrued by the native public; the same may be said of the sayings of the worthy Prelate and of the Padree who, with the globe-trotters we have the pleasure of receiving every cold season, in their goodness of heart, discarded on the growing aloofness and want of association and sympathy between the rulers and the ruled. But, my Lord, may I beg to tender you my humble experience derived from the close connection we possess between the masses and our rulers, that while there is some truth in the allegation, I honestly believe the saddle is put on the wrong horse—in short, the blame is put on the wrong party. When we find officers, who conscientiously discharge their duties, as we have seen in the time of plague and famine amongst us, calumniated, and maligned, insults heaped upon them in the public Press and such conduct defended and even lauded by those who ought to know better, how can you blame these officers and their comrades in the service if they keep themselves aloof, as is charged against them? But, my Lord, I would only ask these good-natured Englishmen who have innocently roused a spurious disregard amongst the people for the good and honest work done by those in authority, to state amongst which of the masses of India have they moved? Do they know anything of the feelings and sentiments of the Bhils, the Santals, the Garhos, the Lushais, the Chins, the Nagas, the Manipuris and even of the rayats; are not their views and opinions the second-hand, self-interested ideas of a microscopic minority? When have these good-natured Englishmen come into real contact with the district life of the district officer, and when have they come into contact with the people? Have they not taken their cue from what they have seen and read in irresponsible papers? But, my Lord, if we take a lesson from what we see around us, it seems to me that the attempted supremacy of Demos is coming to an end; the common sense of the people is fast returning, and the people are prepared to once again trust in and abide by what is done by the authorities as done with the best intention of being for the

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ultimate good of the country and the people. We see the revolt against the progressive party in Germany, in Russia, in the Labour Conference at Belfast, in the County Council elections in London; and last, though not least, comparing great things with small, in the recent municipal election in Bombay we find the violent agitators and their friends in the Press are being discredited. My Lord, I feel sure it is a pure fiction this cry of unrest in India, but we cannot shut our eyes to the unscrupulous writers in the Press and frothy orators fanning the flame of sedition and openly preaching it under the cloak of self-government. My Lord, it was only a cloud no bigger than a man's hand in the old days that, being ignored by the officials, ultimately brought about a revolt.

"We have had our disturbances lately, my Lord. I use no language of exaggeration when I speak in this Council of the exemplary conduct of Muhammadans during these times of trial. There is no denying that the martial characteristic of the Muhammadans is not extinct and it must be said to their credit that they have displayed a calmness and obedience which marks them as a people worthy of the sincerest consideration of Your Excellency's Government. My Lord, I deem it right to just make a passing allusion to the great question which has disturbed this country, namely, the partition of Bengal. Though it is an established fact, yet, my Lord, it is my duty to state that during the recent Muhammadan Educational Conference at Dacca, Muhammadans from all parts of India were present, and they were convinced, from what they saw and heard, of the advantages which have accrued from the partition to this once neglected part of Bengal in general and to the Muhammadans in particular; and with the exception of a few who, for their own selfish interest, have joined the opposite camp, I assure Your Excellency that the whole Muhammadan community of India view with the greatest satisfaction the partition of Bengal; and indeed it will be a sorry day for India if the tactics of the home rulers of Ireland, now being introduced into India, lead to this great act of public policy to be reversed or set aside. The loyally disposed Hindus and Muhammadans feel that Government must with a strong hand put down at once, and *once for all*, what is going round about us. My Lord, I know that I shall be taken as an alarmist, but, my Lord, 'tis the coming events that cast their shadows before,' and I am prepared for all the contumely and odium that will be cast on me, if only I succeed in inducing Government to pause in the course of putting unlimited confidence in the lip-loyal sayings and doings of ill-natured people, and allowing them a free hand so long as they keep outside of the pale of what is defined in the Penal Code as sedition and treason. We only appeal to Government to put down with a firm hand every attempt to sow the seeds of disaffection and to seduce the people from their faith and belief in Your Excellency's Government. These remarks I have, with some diffidence, ventured to bring to the notice of Your Excellency's Council, for knowing as I do of the contumely I shall receive from these newspapers for making them, yet I feel that when we see the standards of the enemy floating from their platforms, and the war cry of Swaraj proclaimed from the house-tops, we cannot remain mere lookers on. And while it is necessary for us to ask the authorities to remedy any inconvenience or hardship the people may be suffering of which we may become aware, yet we feel it our duty to thus publicly protest against good-natured and well-intentioned Englishmen being made the innocent instruments of men who are brewing mischief the consequence of which they have no thought of; and at the same time to declare our confidence in the Government of the country and our faith that it is incapable of knowingly doing the people an injury or a wrong, and that the powers with which Government is vested, to check and put down the act of lawlessness which is rampant in the country, will no longer be allowed to be a dead letter.

"My Lord, I apologize for the length of these remarks, but this meeting is the only opportunity we have of publicly bringing to the notice of Government what the people with whom we are in daily touch, feel and think, and it needs be that in a year's course we have much to place for the information of Your Excellency's Government."

[*Mr. Hall.*]

The Hon'ble MR. HALL said :—" My Lord, I congratulate the Hon'ble Finance Member and the Government on the reduction of the tax on salt and of the postal rates. Burma does not share in the larger change, as the rate which is now to be in force in other Provinces already prevails there, but the more favourable postal rates will be much appreciated.

" The increase recently sanctioned to the Forest establishment and the generous treatment accorded to the Police in the matter of special pensions and otherwise have been received with gratitude in Burma.

" When the Financial Statement was being discussed in March 1906, I ventured to plead for liberal treatment of Burma under the new Provincial Contract. The Hon'ble Finance Member quite agreed that liberal expenditure in Burma was likely to prove productive, and he added that it would be the object of the Government of India to accord it both just and generous treatment. In some respects the new settlement is not unsatisfactory, but taken as a whole, and in one very important particular, it falls far short of our expectations—so much so that if the present arrangement is adhered to the development of the Province will be greatly retarded. The item to which I especially refer is that of expenditure on Civil Works which is 80 lakhs, or 35 lakhs less than the expenditure of the current year and 20 lakhs below the figure recommended by the Local Government.

" The Province is young and expanding. It is still very ill equipped with roads and public buildings. The area of Burma exceeds that of any other Province in the Empire; and though there are large tracts which will never become available for cultivation, yet the area of culturable waste is very much larger than that of any other Province—and waste it will for the most part remain if expenditure is now to be reduced as proposed. It would be easy for me to mention one district after another in which progress has undoubtedly been retarded owing to the expenditure on public works being inadequate; but it will suffice now to take as an instance one portion of the Province which, as it happens, has been under British rule for eighty years.

" The total area of the three southernmost districts of the Tenasserim Division is 22,159 square miles, the cultivated area is barely 600,000 acres, while the culturable waste is nearly 5 million acres. Now, this is not a tract in which the rainfall is uncertain or the soil barren. On the contrary, the rain has never been known to fail and the land is exceedingly fertile, but communications are so difficult that progress cannot be expected without free expenditure. In the delta of the Irrawaddy a network of navigable creeks facilitated extension of cultivation without heavy expenditure of public funds on roads and bridges. Further, inland cart tracks were available over the level plains throughout the long dry season, but this is not the case in the lower part of Tenasserim, nor in other parts of Lower and Upper Burma where lie the millions of acres of culturable waste. People will refrain from bringing such land under cultivation until they see some good prospect of being able to convey the produce to market at a reasonable cost. "

" Again, the state of the existing roads in the Province has been a byword and reproach for many years—and this in spite of the fact that a larger percentage of the Public Works grant is being spent on repairs than in any other Province. I do not suggest that the Public Works Department is responsible for these defects—the money allotted has been insufficient.

" Then, as regards buildings Burma is still very ill equipped. Not only are there many large buildings now under construction while estimates for others are under consideration, but there are hundreds of smaller buildings, mostly of timber now more or less dilapidated, which should be replaced by permanent masonry structures.

" Owing to the high cost of living the cost of administration is necessarily high—so, too, are the rates of labour. It is estimated that the cost of Public Works in Burma is double that in India—for every rupee that we spend in Burma we get no more than can be got in India for eight annas. Although, therefore, the standard figure for expenditure on Civil Works is higher than that

[*Mr. Hall.*]

of Indian Provinces, the allotment is not really on a more liberal scale. It appears to provide for the cost of the work being double what it is in India, but not for the equipment of the Province being in a very backward state. If expenditure on Public Works is curtailed expansion and development must be retarded, and it is to be regretted that this great and valuable estate should not be developed to the full extent of its capacities to the benefit of the people and of the Empire at large.

"The revenue is increasing it is true, and the Province will be entitled to a share of the increase; but this will not suffice to cover the growing wants under other heads, and also to maintain Public Works expenditure at a proper level. Nor can this expenditure over and above the standard figure be fully met from the balance. The closing balance this year includes 50 lakhs received as a contribution on starting the new settlement. Without this the closing balance would be at a very low ebb, and the Provincial and Local balances taken together would in the current year have been reduced by 30 lakhs, while the Budget Estimate for 1907-08 provides for expenditure which will reduce the balance by 15 lakhs. The requirements of the Province have not been always fully met. They are increasing steadily and may be expected to increase at least as fast as the revenue. It is indeed unlikely that the large expansion of revenue that we have witnessed in recent years in Burma will continue. Even the Financial Statement which is now under discussion affords ground for supposing that the advance may not be so rapid and so steady as formerly. Thus in paragraph 17 the following passage occurs:—'In Burma, on the other hand, mainly in consequence of floods in some districts, the expansion of the (land) revenue has been less rapid than was expected.' That remark refers to the figures for 1906-07. In 1907-08 a large increase is expected (paragraph 163), but a considerable portion of that increase will consist of 'arrear of the current year due to floods and unfavourable agricultural conditions in some parts of the Province.' Now, this destruction of crop by flood is not wholly the result of abnormally high floods in the Irrawaddy. It is partly due to the decision of Government to prevent systematic bunding on the eastern bank of that river, on the ground that embankments on that side endanger the large and very remunerative works on the west bank. It may, therefore, be anticipated that for many years, even when the rise of the Irrawaddy is normal, a considerable area of rice-land lying to the east of that river will be submerged.

"From the Financial Statement it is also clear that it is not safe to conclude that revenue under other heads will expand in Burma without any check. For instance, in paragraph 19 it is stated that 'the improvement under stamps and excise has been fairly general throughout the country, except in Burma and the United Provinces.' Again (paragraph 128), 'The growth of assessed taxes in Burma has received a check in the current year.' On the other hand, as regards Land Revenue Charges, 'the budget estimate in Burma has proved too low and there is an increase of Rs. 94,000.' And here it may be noticed that while the Province retains only half its land-revenue receipts it has to bear the whole of the land-revenue charges.

"I would further represent that Burma Provincial Revenue suffers in an exceptional degree from the export-duty on rice. Over 80 lakhs of rice export duty are paid annually in Burma, and this is more than 70 per cent. of the total amount so levied in the Empire. Under the Provincial Settlement the whole of this money is Imperial; but one result of the duty undoubtedly is to reduce the price of rice in the Province, and this again leads to the land-revenue being settled on a lower level than would be the case if exports were free. Burma gets a half-share of the land-revenue, and so the export-duty on rice leads directly to loss of Provincial Revenue.

"I would recommend that some compensation be made to Burma on account of its exceptional contribution to this head of Imperial Revenue, and that the additional assignment be such as to render possible an increase of the Civil Works standard figure on the expenditure side from 80 to 100 lakhs.

[*Mr. Hall; Mr. Apar.*]

"Whether one looks at the Provincial Settlement as a whole or solely at this one important item, I can only apprehend that unless the suggested alteration of the Civil Works standard figure is made the already long delayed development of some of the most fertile portions of the Province will be still further retarded, while such districts as are already well populated and extensively cultivated will remain ill equipped with buildings and roads.

"In conclusion I desire to express regret that a settlement more liberal and more in consonance with the needs of the Province has not been accorded."

The Hon'ble MR. APCAR SAID:—"My Lord, I will not take up the time of the Council by repeating at any length what has been said in every part of India regarding the shortage of rolling-stock on our railways. There is hardly a report issued by a Coal Company in Bengal that does not contain some reference to the same thing, and if matters go on as at present, we shall have serious complaints from our local Jute and Cotton mills of the increasing difficulties they labour under consequent on the shortage of coal, entirely occasioned by an insufficiency of rolling-stock. So far as Bengal is concerned the feeling is unanimous. At a meeting of our Chamber of Commerce, held on the 27th February, the representative of the Bengal Coal Company, our premier concern, stated that the Indian Mining Association had lost no opportunity of urging, during the past twelve years, the necessity for ample transport being provided for the coal industry and had been warmly supported by the Chamber; that many of our principal lines of railway are within a few days of stoppage, our mills and other industries are forced to live from hand to mouth, our steamers visiting this, the principal, port of India are forced to leave short of their bunker requirements. Strong words, my Lord, but true in every detail. At the same meeting I had to refer to the same subject in my address.

"Speaking strangely enough on the same day, the President of the Bombay Chamber of Commerce in the course of his able address said:—

'At the present moment there is one bitter cry going up from all over India for wagons to carry the produce of the country. Only a few months ago we heard of the Karachi shippers being unable to get their wheat down on account of an insufficient supply of wagons, the result being heavy losses on account of demurrage, etc. Now we hear of stations filled with cotton and no wagons to take it away; thousands of tons of manganese lying at the stations in the Central Provinces waiting for wagons which do not come. Indeed, it is not necessary to refer to any particular trade as all are suffering alike, and it is difficult to estimate the loss this inability on the part of the railways to supply wagons means to firms and merchants, but it must be very large.'

"I could go on quoting indefinitely complaints on the same subject, but I have no doubt Your Excellency has noted them and no useful purpose would be served by my taking up further time of the Council.

"The Financial Summary and Statement for 1907-1908 has been welcomed by the trading interests of Calcutta on account of the important provisions contained in it towards making up the deficiency in this matter of rolling-stock. The large grant of Rs. 568 lakhs, or 3½ millions sterling, calls for and is receiving the cordial appreciation of the Bengal Chamber of Commerce. We note that the Railway Board report that the provision of 568 lakhs has met in full the demands of all railways for grants for rolling-stock for the year 1907-1908.

"There are, however, two important points to which, in our opinion, prompt attention is necessary, while the Budget does not show signs of meeting them. These are, firstly, a programme for expenditure on rolling-stock over a longer period than one financial year of twelve months; and, secondly, the liberal treatment of what are termed, in the Financial Statement and the Railway Board's memorandum, 'open line requirements,' which we look upon as the provision of facilities other than rolling-stock in order to enable railways to move with despatch and promptitude the increasing traffic. It is shown in paragraph 73 of the Financial Statement that the receipts from the carriage of passengers, goods and minerals on railways have increased during the last eight years from 16½

[*Mr. Apcar.*]

millions sterling to over 27 millions sterling, or by 70 per cent. It is known that during this period charges for carriage have been reduced, so that it is safe to assume that in numbers of passengers carried, and in weight of goods and minerals, the figures have been more than doubled during these last eight years. As rolling-stock represents but a small share of the total initial cost of a line of railway so, as development occurs, must the line as a whole be increased and not its rolling stock only.

"During the coming year on new lines already taken in hand and under construction only $2\frac{1}{4}$ millions sterling will be spent, as compared with nearly $3\frac{1}{2}$ millions in the financial year 1906-1907; while nothing whatever is to be spent on additional lines sanctioned but not commenced, or on lines at present under consideration but not sanctioned. An explanation of the reasons for this decision—want of money and inability to raise it on reasonable terms—is given in paragraph 71 of the Financial Statement; and in paragraph 72 we are told that the Government is considering whether it may not be practicable to dispense with some of the restrictions which now hedge round their railway policy; and, further, that if this can be done, there is hope that a greater degree of elasticity can be imported to the Railway programme. I can only say that the trading community look with every confidence to means being devised to prevent for the future the retardation of Railway progress which is to mark the coming financial year. Such retardation is not permitted either in England or in the United States, or in our own colony of Canada; and in neither of these countries is the return on the capital invested so high as it is in India. I do not think that we in India have so far appreciated the marvellous prosperity of our Railway system. Up to about ten years ago Government was incurring an annual deficit so far as concerns Railways. In the financial year 1899-1900 a profit was made of £76,756, and since that year the increase has been to all intents and purposes continuous, so that there has been a surplus for the year 1905-1906, after paying all charges, of over 2 millions sterling, giving a net return—after paying all charges—of 5·41 per cent on 253 millions sterling capital expended on open lines. 'All charges' include not only interest paid on the capital cost, but also Sinking Fund payments in liquidation of the purchase price of certain lines which have been bought by Government, as explained in paragraph 76 of the Financial Statement. What sums are being expended in this Sinking Fund we are not told, but we know that purchase-money is still being paid for the East Indian, the Scind-Punjab, the Bombay-Baroda, the Oudh and Rohilkhand, the Eastern Bengal and other lines. If such Sinking Fund charges are excluded, as they should be, in ascertaining what percentage railways are paying, that percentage will be considerably more than 5·41 per cent. shown in the Financial Statement.

"Remarking now on the first point to which it is desired to draw attention, we are told in paragraph 74 that it is far from certain whether it will be possible to spend the large sum of 568 lakhs of rupees on rolling-stock, and that if this should prove to be the case, the grant will be redistributed; or, as we understand, spent on open line requirements other than rolling-stock.

"In other words, the liberal grant of 568 lakhs of rupees is only to be paid if it can be spent by the 31st March 1908, and what cannot be spent by that date will be taken away from the rolling-stock provision. Now, it is evident that a large proportion of the grant has only recently been decided upon, and advice given to the Railways concerned; and to this extent these railways can only now be making their arrangements for purchase. The experience is that a full year elapses between rolling-stock being indented for and its supply, and with every effort to expedite supply under the present sanction, part of the orders will undoubtedly be uncompleted by the 31st March 1908.

"This raises the question as to whether means should not be devised whereby a grant of this character may be saved from lapsing or redistribution by allowing Railways to place orders for delivery in the subsequent two, three or even more financial years, should it be found that makers are so fully booked

[*Mr. Apcar.*]

with orders that it is impossible for them to deliver all the wagons indented for within the financial year ending 31st March 1908.

"In times like the present, when there is an abnormal demand for new rolling-stock for Railways in Europe and America, it becomes a matter of difficulty to get early delivery of the wagons ordered. Purchasers who are not limited by considerations of 'Budget Allotment,' 'Financial Years' and the various restrictions which the stereotyped procedure of the Government of India imposes on the freedom of Indian Railways, are enabled to place their orders some time ahead of requirements and so ensure delivery when the wagons are actually required. Instead of indenting for the coming financial year only, the Railways ought now to be in a position, should the state of the market render this expedient, to contract for a considerable portion of the rolling-stock required for the next three or four years, so that delivery may not be delayed owing to makers having meantime become filled up with orders from other quarters.

"Two Engineering Firms in Calcutta have recently put down wagon constructing plant, and were there an assurance of increased orders they would doubtless be prepared to extend their workshops. But it is unreasonable to expect firms in India to increase their Capital outlay unless they can rely on keeping their men and machinery fully engaged. There seems every likelihood that the growing trade of India will demand large annual increases to the rolling-stock of the Railways for some years to come. I consider it to be desirable that manufacturers in India should be encouraged to extend their works. This may be accomplished by assuring them of increased and continuing orders if they are prepared to increase their wagon-producing capacity. As about 60 per cent. of the cost of wagons is expended in the purchase of materials in Europe and about 40 per cent. on labour and materials in India, it is expedient in the interests of India and the purchaser that a larger share of the orders should be placed in this country. Manufacturers in India do not ask for preferential treatment as regards price; but being limited to one market, whilst European manufacturers have many outlets for their production, they require an assurance of steady employment for a series of years before facing a large capital expenditure in the extension of their workshops.

"I would suggest, therefore, that such an alteration should be made in our Railway financial arrangements as would enable the various Companies to forecast their requirements beyond the limits of one Budget, and to receive sanction to place orders for more than one year. If it is considered advantageous to look ahead in the matter of construction of lines, it is no less necessary to do so with regard to the equipment of the lines already opened, the growing traffic of which makes it certain that further large additions to the stock of wagons will be required. What would be regarded as prudent procedure in the case of private enterprise may safely be commended as worthy of imitation by the Government of India in arranging for the purchase of rolling-stock.

"The question of open line requirements other than rolling-stock seems to have been somewhat neglected in the anxiety to deal satisfactorily with the rolling-stock problem itself. With nearly 1,000 miles added to the railway system, and a rolling-stock provision more than 50% greater than ever before, railways have nearly 20% less to spend in keeping pace with the growth of traffic. Although it may be the case that with new lines substantial increases may be made to the rolling-stock without corresponding improvements in terminal arrangements, in doubling where a single track has previously existed, in marshalling yards, in quarters for staff, and the like, on older and established lines there must be expenditure on such items to ensure that the additional rolling-stock shall be made proper use of. So far the average work obtained from rolling-stock on Indian Railways has exceeded that on English and American lines, and this may be due to greater foresight in arranging that the lines shall be developed in their entirety, instead of excessive regard being paid to rolling-stock only.

"There have been indications that terminal and junction facilities, and in some cases running line accommodation, have not on the older lines been sufficient to carry the rolling-stock without delays. Two notable instances were

[*Mr. Apcar ; Mr. Gokhale.*]

brought prominently forward in a report made last year by Mr. Wynne, member of the Railway Board. Naihati was found to be totally incapable as a junction to pass traffic through it with anything approaching efficiency, and a new junction on a new site was recommended to cost many lakhs of rupees. The arrangements for serving collieries promptly from loading sidings were characterised as insufficient for the stock then to be dealt with. There is already congestion on the older lines in busy times, and unless there are developments to keep pace with additions in rolling-stock, these cases of congestion must increase and become more serious.

"Another matter of considerable importance to the commerce of Bengal is the question of a Railway Bridge at Sara. The public are not always of one mind, but they are pretty unanimous in their desire for a bridge at Sara and for a broad-gauge railway thence to Calcutta. It came as a surprise to the commercial community when it was known that the Railway Board had recommended a bridge at Rampore Beaulia with a metre-gauge line to Calcutta. I cannot conceive how the Railway Board could persuade themselves to recommend this scheme without further reference to the commercial interests involved. At a meeting with representatives of the Chamber, on the 13th July last, we gave the Board our views on the subject, but were met with a reticence difficult to explain, and which led us to represent the matter to the Secretary of State. On behalf of the Chamber, whom I have the honour to represent, I place on record our appreciation of the assistance our delegates, Sir Ernest Cable and Mr. J. D. Nimmo, experienced from the Private Secretary to Mr. Morley on this subject, and to your Government, my Lord, at the appointment of the Ganges Bridge Commission. The report of this Commission has not yet been published, but on the evidence recorded it is generally anticipated that it will be in favour of a bridge at Sara and prohibition of any metre-gauge line into Calcutta.

"I drew attention last year to the incidence of the Income-tax, and suggested that, as at Home, there should be an abatement or rebate of Rs. 1,500 up to incomes of Rs. 3,600. My Hon'ble friend the Finance Minister joined issue with me on the subject and appeared to consider that a man on Rs. 1,000 a year in this country, if not highly favoured, was not badly off. Neither of us very fortunately have had to try the experiment, but I still adhere to my opinion, and though the matter may not be one of great or general importance, it is quite as worthy of consideration as a reduction in the Salt-tax."

The Hon'ble MR. GOKHALE said:—"My Lord, it is a matter of deep and sincere satisfaction to me that the Government has effected a further reduction in the duty on salt, which will now stand at the uniform rate of Re. 1 per maund both in India and in Burma. In view of the language employed by the present Secretary of State for India, in speaking of this impost last year, such action on the part of the Government has not been wholly unexpected. I only wish the Hon'ble Member had spoken of this reduction with more enthusiasm than he has done. I know my Hon'ble friend holds what may be called orthodox official views on this subject. The Council will remember that last year he told us in his concluding remarks on the Budget that he 'never believed that the tax pressed with undue severity even on the poor.' Again this year he says that 'the salt-tax is the only contribution towards the public expenditure that is made by a large number of the people.' Now the former statement is contradicted by the rapid rise in the consumption of salt which has taken place in response to each successive lowering of the duty and which the Hon'ble Member himself describes as 'remarkable.' No one is ever likely to stint himself in regard to a prime necessary of life such as salt, unless driven to do so by sheer inability to buy the required quantity. No one, again, is likely to purchase more of it than he needs, simply because it is cheaper than it was before. And I think that the remarkable expansion of consumption that has taken place since the duty was first lowered in 1903—from 36½ million maunds, the average for three years immediately preceding 1903, to 43½ millions, which is the Hon'ble Member's cautious

[*Mr. Gokhale.*]

estimate for the coming year, an increase of nearly 20 per cent. in five years—is conclusive evidence of the fact that a high rate of duty entails serious privation and suffering to the poorer classes of the people. As regards the second statement of the Hon'ble Member, *viz.*, that the salt-tax is the only contribution which the poorer classes make to the Exchequer, with all deference I must dispute altogether the correctness of the contention. Why, my Lord, so far from this being the case, the fact is really the other way. I think there is no room for doubt that even now, after these successive reductions of salt-duty, our poorer classes contribute, relatively to their resources, much more than their fair share to the revenues of the State. These classes consist almost entirely of a broken and exhausted peasantry, without heart and without resource and sunk hopelessly in a morass of indebtedness. It is from this peasantry that, over the greater part of India, the land-revenue of the State is derived, and it is the same with Provincial rates. Then the bulk of the revenue from drink comes from these classes. The excise-duty on cotton-goods falls almost exclusively on them. Under Stamps and Registration they pay, certainly, their fair share, and probably more than their fair share, since the bulk of our litigation is about small amounts. Under Forests they have been deprived of their immemorial right to free grazing and free fuel, and the proceeds of these are the only burdensome part of forest-receipts, the rest being fair value realized for timber and other products. Even under Customs, where their contribution is expected to be the least owing to their excessive poverty, the Hon'ble Member's predecessor, Sir Edward Law, once calculated that they paid between 20 and 25 per cent. The only tax from which they are altogether free is the income-tax, and the proceeds of this tax are comparatively small, being under 1½ million sterling a year. Now these, together with the salt-tax, of which the main burden is admittedly borne by them, and the Opium revenue, which is contributed by the foreign consumer, are our principal heads of revenue, and I repeat there is no justification for the assertion that the salt-tax is the only contribution which the poorer classes in India make to the Exchequer of the State. It may be mentioned that Mr. O'Connor, late Director-General of Statistics, in a paper read by him three years ago, described the poorer section of Indian cultivators as a class that 'contributed most largely to the finances of the State.' My Lord, I have made these observations, not in a spirit of mere controversy, but because Mr. Morley's pronouncement of last year on the subject of the salt-tax encourages the hope that we may now look forward to the time when this tax may be done away with altogether, and this consummation is not likely to be forwarded if the Hon'ble Member's views in the matter are allowed to pass unchallenged.

"I am glad to see that my suggestion of last year that, in the general statements of revenue and expenditure, the figures under Railways and Irrigation (Productive works) should be given net has been met more than half-way in this year's Statement by the working expenses on Railways being brought over to the revenue side and deducted there from the gross Railway receipts. This is satisfactory as far as it goes, but it does not go far enough, and I think that the Hon'ble Member, having once begun this reform, must now complete it. He still leaves the interest on Railway debt where it was in the accounts. The result is that the figure of Railway revenue, and through it that of our total revenue, continues to be unjustifiably swollen by the amount of this interest, which already stands at about 10 millions sterling and which will increase from year to year as the capital outlay on Railways advances. The Hon'ble Member observes in this connection:—'We have left the Interest on Railway debt in its original place: to have brought it over to the Revenue side of the account as a deduction from its gross-receipts would have necessitated a large *minus* entry in the column for revenue accruing in England.' And such a *minus* entry the Hon'ble Member wishes to avoid, as it would be unintelligible to the ordinary reader. But there are *minus* entries in several other places in the Financial Statement, and if the ordinary reader does not mind them I do not see why he should mind one more. And in any case it is better to be unintelligible than to be unscientific or misleading. Again, the Hon'ble Member has left the figures under Irrigation as they were before. He says:—'We have not thought it essential to go so

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far as the Hon'ble Mr. Gokhale suggested and to show the Irrigation revenue net. I quite admit that the same general principle applies to the Irrigation as to the Railway figures : but the former are not yet sufficiently large to cause any serious distortion of the true revenue and expenditure of India.' But I would respectfully ask—why allow the figures of true revenue and expenditure to be thus distorted at all ? Moreover, it introduces a new element of confusion if Railway receipts and Irrigation receipts, which are both exactly in the same position, are treated in the accounts in two different ways. In these matters it will not do to alter the prescribed forms repeatedly, as that must make a correct comparative view of the financial position over a series of years extremely difficult. And, therefore, now that the Hon'ble Member has already taken in hand this reform, I earnestly hope that he will not stop half-way but will proceed to the end, and place the matter once for all on a proper scientific basis.

"Another suggestion which I had ventured to make last year was with reference to the separation of Local revenue and expenditure from Provincial and Imperial. In his reply the Hon'ble Member had stated that he himself was in favour of the proposal, as the balance of advantage lay in favour of making the suggested change and that the matter was under consideration. I am, therefore, disappointed to find that the old practice is still there, and that there is no indication in the Financial Statement as to what has been the decision of the Government in the matter. The present practice is responsible for a good deal of unnecessary and avoidable misapprehension. Especially is this the case with reference to educational expenditure. Thus in the Financial Statement we are told that the educational expenditure for next year will be 2 millions sterling. I understand that out of this about £800,000 will be Local. But there is nothing in the Statement to show this, and one is apt to imagine that the whole amount of 2 millions will come from Imperial and Provincial revenues. Last year Mr. O'Grady, a prominent member of the Labour party, made an inquiry in the House of Commons as to the amount spent in India from the Indian Exchequer on Elementary Education. The Secretary of State's reply, instead of stating the amount spent from Imperial and Provincial revenues—which for 1904-1905 was, according to a return laid by the Home Member on the table of this Council the other day, only £160,000—gave the figure of expenditure from 'Public funds,' which necessarily was much larger. Mr. O'Grady, not being satisfied with the answer, put after a few days another question asking the Secretary of State to specify how much of that total expenditure from Public funds came from Provincial and Imperial revenues. The reply to this was that the Secretary of State was not in a position to state the amount, but that he would make inquiries! Now, my Lord, this is not at all a satisfactory state of things. Surely the accounts of the Government of India ought to show what is the State expenditure on Education apart from Local expenditure. I earnestly trust, therefore, that the suggested separation, which the Hon'ble Member himself regards with favour, will soon be carried out and that the Financial Statement for next year will not be open to criticism on this account.

"Coming now to larger questions, I find that I must renew my earnest and emphatic protest against the manner in which our surpluses still continue to be expended as capital outlay on Railway construction. My Lord, I have spoken repeatedly on this subject in previous years, but I feel the injustice of the present arrangement so strongly that I must ask the Council to bear with me while I urge once again, as briefly as I can, my reasons why a change of policy is immediately called for in this matter. This is the ninth successive year when a substantial surplus of revenue over expenditure has been realized, and it is clear that the era of surpluses has not yet come to an end. The total of these surpluses during these nine years stands at the high figure of 37 crores of rupees, or about 25 millions sterling, and nearly the whole of this amount has been spent as capital on Railways. Now a surplus is so much more money taken from the people, either through miscalculation or in other ways, than was needed for the requirements of the Government. And as it is not possible to return this money to the tax-

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payers in a direct form, what the Government is bound to do with it is to apply it to purposes which are most calculated to benefit the mass of the people. And the question that we must consider is this—what is the most urgent need of the mass of our people at the present day? Judging from the manner in which the surpluses are applied year after year to Railway construction, one would conclude that in the opinion of the Government what the people needed most was a vigorous extension of Railway facilities. Now, my Lord, I respectfully submit that such a view of the situation is not justified by the circumstances of the country. The claims, for instance, of Sanitation on the attention of the Government are at the present day infinitely stronger and more urgent than those of Railway construction. Already an enormous sum—no less than 400 crores, or 260 millions sterling—has been spent on Railways in India, while next to nothing has so far been expended on the construction of sanitary works. With so many towns in the country decimated by plague year after year, with cholera and malaria committing their havoc in other parts, with the death-rate of the country as high as 35 per thousand as against 16 per thousand in England, I do not see how the Government can continue to leave Sanitation practically to take care of itself. Let the Council consider what difference it would have made to the country if the surpluses of the last nine years—37 crores of rupees—had been devoted to sanitary works instead of to Railway construction! My Lord, we all know that by spending the surpluses as capital on Railways the Government is able in the final adjustment to reduce by a corresponding amount the unproductive debt of the country. And it may be contended that though the surpluses are in the first instance devoted to Railway construction, they are in the end virtually utilised for the reduction of debt. My answer to this is that our debt, by which I mean the unproductive debt of the country—for that is the only real debt—is so small in amount that its further reduction is not an object of much importance. Taking the year 1904-05, we find that this debt then stood at the figure of 60 millions sterling. The 'other obligations' of the Government of India, such as Savings Banks deposits, Service funds, and so forth, amounted in that year to 17 millions. Against this there were cash balances in the Treasuries, here and in England, amounting to 21 millions, and the loans and advances by the Government stood at 12 millions. Our net debt thus is about 44 millions sterling, or less than two-thirds of a year's revenue. This is almost a paltry figure compared with the huge debts of European countries, and the position may no doubt be regarded with satisfaction. But it must not be forgotten that such a result has been rendered possible only by throwing on current revenues for a quarter of a century the burden of all manner of extraordinary charges, which in other countries are usually met out of loan funds. The further reduction of this small debt, therefore, is not a matter of urgency and can well wait, when the money devoted to it may be far better employed in saving the lives of the people. My Lord, it will not do for the Government to say that sanitation is the concern of Local Bodies and it is for them to find the money required to improve it. Most of our towns are extremely poor and the present distribution of the resources between the Government and the Local Bodies is of a most unsatisfactory character. How unsatisfactory it is may be judged from the fact that while there has been a plethora of money in the Government Exchequer for the last nine years, most of our Local Bodies have all the time been struggling with serious financial difficulties and some of them have been in a state not far removed from bankruptcy. Without substantial assistance, therefore, from the Government in meeting the large capital outlay which modern sanitary works require, Local Bodies will never be able to grapple with the problem of improved sanitation: and to my mind there can be no more desirable object on which the Government might expend its surpluses. The Supreme Government should call upon the Provincial Governments to assist sanitary projects literally out of their own ordinary revenues, and whenever a surplus is realized, it should, as a rule, be placed at the disposal of Provincial Governments for pushing on the construction of sanitary works. I know there is the standing pressure of the European mercantile community to spend every available rupee on Railways,

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and these men are powerful both in this country and in England. But, my Lord, the Government must resist this pressure in larger interests, so far at any rate as the surpluses are concerned. 'Time was, not long ago, when the Government never thought of spending more than four or five crores a year on Railways. And ten years ago Sir James Westland protested sharply against the manner in which programme after programme of Railway construction was being pressed on him in breathless succession. It is true that in those days the Railways were worked at a net annual loss to the State, and that in that respect the position has now undergone a change. Still 13½ crores is a very large amount to spend in any one year on Railways, and yet the Hon'ble Member has thought it necessary to be apologetic in making the announcement! My Lord, I have no objection to the Government using its borrowing powers as freely as possible to push on Railways, which now rest on a sound commercial basis. But it seems to me most unfair that the loans thus raised should be supplemented by the proceeds of taxation. Moreover, judging from certain observations made by the Hon'ble Member last year, I believe that another resource, and that a large one, will probably be soon made available for Railway construction, and that will be a strong additional ground for devoting surpluses in future years to the improvement of sanitation.

"This resource is the profit now annually realized by the State from the coinage of rupees. For the current year it has amounted to the large sum of 4 millions sterling, or 6 crores of rupees. Last year it was nearly as large, being 3½ millions sterling, or 5½ crores. Hitherto these profits have been allowed to accumulate at compound interest, and this Fund, which will in future be known by the name of Gold Standard Fund, stands at present at over 16 millions sterling. I think, my Lord, the public has a right to ask that the Government should now state definitely what limit they propose to assign to this fund and how the profits from coinage will be dealt with when that limit is reached. This is necessary in view of the fact that the statements hitherto made on this subject by those in authority have been more or less vague and, in some respects, even conflicting. Sometimes the purpose of the fund has been stated to be merely the ensuring of the stability of exchange, and sometimes the much more ambitious purpose of preparing for a gold currency has been avowed. When the fund was first constituted in 1900, it was in accordance with a recommendation of the Fowler Committee of 1898—which recommendation had been made with a view to the maintenance of a stable exchange. In 1901-02 Sir Edward Law, in speaking of the Reserve, leaned to the view that it would serve as 'a guarantee for the conversion into gold, if required, of the rupee token coinage.' Lord Curzon, however, merely described it as a means of maintaining the exchange value of the rupee at 1s. 4d. In 1902-03 Sir Edward Law again referred to this Fund, and this time he also stated its purpose to be the maintenance of a stable exchange. In 1904 Lord Curzon reaffirmed the same view. In 1905 the Hon'ble Mr. Baker also gave this view prominence in his statement. Last year, however, the Hon'ble Member pushed the other and more ambitious view to the front, and spoke of the time when the rupees would have to be converted into sovereigns. Again, as regards the amount that is required for ensuring stability of exchange, different statements have been made by different authorities. Lord Curzon said that 10 millions sterling would suffice for the purpose. Sir Edward Law put the limit at 20 millions. The Hon'ble Mr. Baker has put it still higher. In 1905 the Hon'ble Member said:—'I should like to see it (the Fund) raised to such a figure as would enable us, in the event of extreme and continued emergency, to reduce the Secretary of State's drawings by one-half for three years in succession, i.e., to something between 20 to 30 millions sterling.' Now, my Lord, all this is somewhat confusing, and the Hon'ble Member will recognize the necessity of making a full and definite statement of the intentions of the Government both as regards the purpose which the Fund is to serve and the limit up to which it is to grow. This is the more necessary because the Fund was created under mere executive sanction without having recourse to the authority of the Legislature, and also because the annual profits from coinage are now far larger than had been anticipated. I think the Government ought to adhere to the idea of the fund merely serving

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as a guarantee for the maintenance of a stable exchange. In that case, even the high limit contemplated by the Hon'ble Member would soon be reached and the profits from coinage—a matter now of five or six crores a year—would be available before long to be employed more usefully than at present. On the other hand, if the more ambitious purpose avowed by the Hon'ble Member last year is to determine the policy of the Government, no limit can be foreseen to the accumulation of the Fund. Such a course, in my humble opinion, would not be justified, and I would venture to urge the following objections against it:—

- (a) That a gold currency for India has never been authoritatively proposed as a definite object to be attained. A stable exchange at a reasonable rate is all that successive authorities have sought to ensure.
- (b) That it is wrong to pile up a huge gold reserve in pursuit of an object never proposed or defined or even regarded as attainable within a measurable distance of time.
- (c) That it is looking too far ahead into the future to anticipate the introduction of a gold currency into India.
- (d) The present margin between the value of bullion and the token value of the coin will not suffice to ensure the conversion of rupees into gold, for the moment demonetization is proposed, silver will be depreciated still further.
- (e) Even on the Hon'ble Member's assumption the Reserve can suffice only for the conversion of rupees coined since 1900. The stock of rupee coin of previous years—estimated at about 130 crores by Mr. Harrison the expert—will not be covered by it.

"I trust the Hon'ble Member will set all doubts in the public mind at rest by making a definite announcement of the intentions of the Government in the matter, if not in the course of this debate, at any rate in the Financial Statement of next year.

"My Lord, besides the reduction of the Salt-tax, there are four other interesting and gratifying features of this year's budget. They are the new arrangement for meeting Provincial Famine expenditure, the prospect of an abolition of the Opium traffic, the reduction by half a million sterling of the special annual grant for Army Reorganization and the announcement made on the subject of Free Primary Education. Of these the first does not require more than a passing reference. I think the scheme outlined by the Hon'ble Member is an equitable one and ought to work well in practice. I only hope that the commendable liberality with which the Imperial Government has treated Provincial Governments in this matter will be extended by the latter in their turn to Local Bodies, and that these Bodies, whose resources, even in prosperous years, are meagre and inelastic, will now be relieved of all responsibility for famine relief altogether. This responsibility was thrust on them when the Government of India itself had to struggle, owing to falling Exchange and other difficulties, with a chronic state of deficits. Now, however, that the very tradition of a deficit has been forgotten, no time should be lost in definitely freeing Local Bodies from a burden which should never have been imposed on them.

"My Lord, I have read with sincere pleasure the important statement which the Honourable Member has made on the subject of the Opium-revenue, coupled as it is with a reduction in the area under cultivation for the ensuing year. I confess I have always felt a sense of deep humiliation at the thought of this revenue, derived as it is practically from the degradation and moral ruin of the people of China. And I rejoice that there are indications of a time coming when this stain will no longer rest on us. I have no wish to go to-day into the historical part of this melancholy business. The Secretary of State admitted freely in his speech last year on this subject that there were few things which Englishmen had reason to regard with less pride than this. The only practical question now is, how to put an end to this morally indefensible traffic with the

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least derangement in our finances? It has been suggested in some quarters that the British Exchequer should make a grant to India to compensate her for the loss of revenue which would be entailed by the extinction of this traffic. Now, apart from the fact that there is not the slightest chance of England making such a grant, I think the proposal is in itself an unfair one and ought to be strongly deprecated. No doubt there are important questions like the Army expenditure, in regard to which India has to bear serious financial injustice at the hands of England. Then the cost of the civil administration ought to be substantially reduced by a large substitution of the Indian for the European agency in the public service. And if only justice were done to us in these matters, we could let the whole Opium-revenue go at once and yet not feel the loss. But these questions have to be fought on their own merits and they must not be mixed up with this Opium question. So far as the Opium-revenue is concerned, whatever may be the measure of England's responsibility in forcing the drug on China, the financial gain from the traffic has been derived by India alone, and we must, therefore, be prepared to give up this unholy gain without any compensation from anybody—for that would be only another name for charity—when in the interests of humanity this wretched traffic has got to be abolished. Of course we have a right to urge and we should urge that we must be allowed to spread our loss over a certain number of years—say ten years—so that our finances should not be suddenly disorganised. That would be a fair position to take up, and we should have there the support of all right-minded people. But the traffic itself must go and we must cheerfully co-operate in any reasonable scheme for its final extinction.

“ My Lord, I am glad to see that the special grant of over two millions a year for the Army Reorganization scheme has been reduced this year by half a million sterling. Considering that the money comes out of the iron grip of His Excellency the Commander-in-Chief, I think we have reason to feel thankful even for this small reduction. Of course, since the total initial outlay on the scheme is a fixed sum, this reduced grant only means that the execution will be spread over a longer period than the five years originally contemplated. Still it sets free for purposes of internal improvement a sum of half a million sterling a year out of current revenues. The Hon'ble Mr. Baker describes the circumstances which have led to this reduction in the following words :—‘ The present political situation and the reduced receipts we anticipate from Opium have led us to reduce the normal grant to £1,666,700 during the coming year.’ I am glad to see the reference to the ‘ present political situation,’ by which the Hon'ble Member no doubt means the improved aspect of affairs on the North-West Frontier. This is partially endorsing the view of those who have objected to the carrying out of His Excellency's scheme on the ground that it added largely to the burdens of the people at a time when, in view of the improvement that had taken place in the position of things, they were entitled to substantial relief. My other objection to the scheme was on account of its throwing on current revenues a heavy extraordinary charge which should have been met out of borrowings. The surpluses of the last nine years were more than sufficient to meet this non-recurring charge twice over, and as they had been for the most part employed in a way which eventually resulted in a reduction of our debt, it was only an act of bare justice to the tax-payers that this heavy non-recurring charge, instead of being spread over a number of years and thrown on current revenues, should have been met out of loan funds. However, I see in the papers that Mr. Morley has finally accepted the scheme. That being so, I fear no useful purpose is likely to be served by my continuing the controversy in this Council. I only trust that the view which I understand is held by the Government that the scheme will in the end make for economy will be found to be justified, when the time for judging of its correctness arrives. Meanwhile, as there is still much vagueness in the public mind about the nature and scope of the scheme, may I respectfully suggest to His Excellency that it will help to clear away unnecessary misapprehensions, if he will see his way to make an authoritative statement on the subject—as far, of course, as a public statement can be made in a matter of this kind.

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"My Lord, the military problem in India may be looked at from four points of view. There is first of all the standpoint of the military expert—the soldier—whose principal idea is to raise the efficiency of the Army to as high a state of perfection as possible, and who wants to take for this purpose all the money he can get. Then there is the standpoint of the average Englishman, who wants to feel safe about India and who is comparatively indifferent as to what burdens are imposed on the people of this country in order that he may feel so safe. That is the way the ordinary member of Parliament looks at this question. Thirdly, there is the standpoint of the Indians themselves—those who have to bear the burden, but have hardly any share in the privileges of the present arrangement. Lastly, there is a standpoint which in a way comprehends or should comprehend all these three, though not necessarily in the same degree, and that is the standpoint of the Government of India. Now, my Lord, when we, the Indian members of this Council, speak at this table on this question, we necessarily approach it from the Indian point of view. It is to express that view that we are here, and though we know that our voice is weak and that what we say is not likely for a long time yet to influence the practical decisions of the Government, that does not absolve us from what is after all our duty to ourselves in the matter. We should be guilty of presumption if we extended our remarks to technical details relating to the Army, on which we are not qualified to express an opinion. But there are certain broad questions of policy—also questions connected with the progress of humanity—which all men of average intelligence may claim to understand and discuss. My Lord, I do not believe that any serious war cloud is likely to appear on our horizon in the near future. I am fortified in this opinion by the high authority of Mr. Balfour and Mr. Haldane. The triumph of Japan in the late war, and the gradual waking up of China and even of Persia—these, if not the overthrow and exhaustion of Russia, are bound to discourage European aggression in Asia for many years to come. Moreover, wars between the great Powers of Europe—and the only war that can touch us is one between England and Russia—are daily growing less and less likely. A comparison of the history of Europe in the 19th century with that in the 18th will show in what direction things have been moving. And the 20th century is bound to be even better than the 19th. The people in Europe are no longer mere pawns on the chess-board of Kings and Ministers. And they are realizing more and more what horrors a war means to them. I think, therefore, that India may well ask to be relieved now of a part of her present Army expenditure. Further, the injustice of the present arrangement, whereby a disproportionate share of the cost of military defence of the whole Empire is thrown on her, must be remedied. Then the status of the Indian officers in the Army, which at present is admittedly most unsatisfactory, must be improved, and higher careers thrown open to them. Lastly, the wrong inflicted on all classes of the Indian community indiscriminately by keeping them compulsorily disarmed—thereby slowly crushing all manhood out of a whole race—must be cautiously but steadily set right. My Lord, I have spoken time after time on these subjects in this Council, and last year His Excellency the Commander-in-Chief, with perhaps a touch of impatience, observed that he had heard my arguments and assertions every year for three years. But, my Lord, is it *my* fault that these things have to be pressed again and again on the attention of the Government? If His Excellency would like to hear less of these complaints, the remedy lies to a certain extent in his own hands. A way must be found out of the present situation, which is no doubt difficult and delicate, but which must not be allowed to continue as it is, simply because it is difficult and delicate. Otherwise His Excellency may raise the Army to the highest pitch of efficiency and yet he will have left the larger military problem in India as unsolved as ever.

"I now come to what is in some respects the most gratifying feature of the present budget—I mean the statement which the Hon'ble Member makes on the subject of Free Primary Education. The statement is brief, but it says enough to indicate clearly the resolute purpose that lies behind it. My Lord, the whole country has reason to feel grateful to Your Lordship's Government for taking up this question in this earnest spirit. The circular letter

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of November last and this paragraph in the Financial Statement taken together leave no doubt in my mind that before the budget for next year is presented, primary education will have been made free throughout India; for I cannot imagine any Local Government standing in the way of the adoption of this measure, since the Government of India is going to find all the money required for it. I am sure we owe much in this matter to the Hon'ble Mr. Baker's active support of the cause. I cannot help recalling that last year when this question was raised in this Council, my Hon'ble friend expressed his sympathy with the proposal in most cordial terms. 'I have', he said, 'the keenest sympathy with every one of the objects on which the Hon'ble Member desires to see public money expended. In particular, I am greatly interested in his proposal for making primary education free with the intention of ultimately making it compulsory. I hope and believe that some great scheme of this nature will eventually be carried into execution.' This was in marked contrast to the reception which the appeal met with at the hands of another member of Government, who, by what must now be described as an irony of fate, then presided over our Education Department and who was therefore the responsible spokesman on behalf of the Government on the subject. Sir Arundel Arundel expressed himself in the matter thus:—'I understand the Hon'ble Mr. Gokhale to advocate universal free primary education throughout India. That would be a large order.' And the utmost that he could bring himself to promise was that the aspiration for free primary education would be 'kept in view as the distant peak to be one day attained while the work of the present must be slow progress along the plain.' What was, however, 'a large order' in March became a very reasonable order in November, so reasonable indeed that the circular letter addressed to Local Governments on the subject showed unequivocally that the Government of India had already made up its mind to adopt the measure. The incident serves only to emphasise the necessity of entrusting the Educational portfolio to such members as feel some enthusiasm for the subject. My Lord, now that the Government has advanced as far as free primary education, I earnestly trust that no long interval will be allowed to elapse before the next step is taken, *vis.*, that of making a beginning in the direction of compulsory education. If His Highness the Gaekwar of Baroda has found it practicable to make primary education compulsory in his State, I cannot understand why the British Government should not be able to overcome the difficulties that lie in its path. The best plan, as I urged last year, would be to confer powers, in the first instance, on Municipal Corporations in cities, with a population of, say, a hundred thousand and over, to introduce compulsion for boys within their areas, the Government of India finding the funds required. The area of compulsion may then gradually be extended, till at last in twenty years or so, primary education should be compulsory in the country for both boys and girls. My Lord, we are already so far behind other civilized nations in this matter that no further time should be lost in making such a beginning. As an eminent German Professor points out, no real economic or social development of a people is possible without the education of the masses. Such education is "the foundation and necessary antecedent of increased economic activity in all branches of national production in agriculture, small industries, manufactures and commerce;" it leads to a more equal distribution of the proceeds of labour; and it ensures a higher level of intelligence and a larger capacity for achieving social advance among the people. It is impossible to over-estimate the importance of this question in the present state of India.

"My Lord, I have so far dealt with various questions arising out of the Financial Statement which the Hon'ble Member has laid before the Council. The question, however, that, in my humble opinion, transcends all others in importance at this moment is how to associate the people of this country with the administration of their own affairs, so that their growing estrangement may be prevented, and, while their self-respect is satisfied on one side, the bond between them and the Empire may be strengthened on the other. The Englishman who imagines that India can be governed much longer on

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the same lines as in the past, and the Indian who thinks that he must seek a destiny for his country outside this Empire, of which now, for better, for worse, we are a part—both alike show an inadequate appreciation of the realities of the present situation. The main difficulty in regard to this association arises from the fact that the government of this country is really in the hands of the Civil Service, which is practically a caste, with all the exclusiveness and love of monopoly that characterises castes. My Lord, I am speaking in the presence of so many distinguished members of that Service, and I respectfully trust I shall not be considered guilty of rudeness in making these observations. These men, who give on the whole a high average of work, and who moreover feel conscious that they are doing their best, are naturally satisfied with their position, and they expect us to be satisfied with ours. And as they happen to be practically the sole advisers of both the Viceroy and the Secretary of State, no reform which they do not approve has, as a rule, any chance of being adopted. Of course there are exceptions, but I am speaking now of the Service as a class. In a general way they seem to recognize that some advance is now necessary, but when you come to a discussion of different measures of reform, a majority, though not necessarily composed each time of the same individuals, is to be found arrayed against every reform that may be proposed. Thus if it is urged that judicial and executive functions should now be separated, you will be told that that will not do as that will weaken the executive power. If you say that the Viceroy and the Secretary of State should have among their official advisers one or two Indian gentlemen, the suggestion is resisted on the ground that the confidential character of the deliberations in the two Councils will no longer be assured. If you propose that the Legislative Councils should be expanded and improved and they should be entrusted with some degree of power to exercise a check over the financial and general administration of the country, the objection is raised that such a reform will strike at the root of the very constitution of the Government, which, as the Secretary of State said last year, must continue for as long as one can see autocratic and personal. If the reform suggested is that Municipal and Local Boards should now be made purely non-official bodies, freed from all immediate official control, the answer will be that Local Self-Government touches intimately the interests of the mass of the people, and you cannot allow its efficiency to be lowered. And thus we move round and round the fortress of Official Conservatism and bureaucratic reluctance to part with power, without being able to effect a breach at any point. My Lord, this kind of thing has now gone on for many years, with the result that the attitude of the public mind towards the Government—‘opinion,’ as Burke calls it, which is of greater importance than laws or executive power in maintaining order—has undergone a steady and, of late years, even a rapid change. Since last year, the impression has prevailed that the Government has at last decided to move forward and that important concessions are contemplated. I earnestly trust that this impression is well-founded. I trust also that the proposed reforms, when announced, will be found to be substantial and conceived in a generous spirit. My Lord, it is of importance that there should be no unnecessary delay in this matter. The public mind is in a state of great tension, and unless the concessions are promptly announced and steps taken to give immediate effect to them, they will, I fear, lose half their efficacy and all their grace. The situation is an anxious—almost a critical one, and unless the highest statesmanship inspires the counsels of the Government, difficulties threaten to arise of which no man can foresee the end.”

The Hon'ble Mr. MILLER said :—“ My Lord, at the meetings of this Council in recent years very interesting statements have been made by my distinguished predecessor, Sir Denzil Ibbetson, regarding the policy of the Government of India in its efforts to improve the conditions of Agriculture, to develop Irrigation, to promote Forestry, and to deal with the constant variety of problems falling under the head of Land-revenue. I do not propose on this occasion

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to follow that example. Having only recently joined Your Excellency's Government I have not the intimate acquaintance with all those matters, or with the details of the striking developments that have taken place during the past five years, to enable me to speak with the same confidence as my predecessor; nor have I that personal knowledge which alone can give interest to a statement made for the information of this Council and the public. On these matters of departmental administration I propose, therefore, to confine myself to a few remarks of a general character.

"One subject which I thought it would not be necessary for me to notice today is that of famine. Relief operations have unfortunately been found necessary in some parts of the country and are now in operation, but I did not regard the position as so serious as to require mention in this Council. I cannot, however, allow some remarks which were made by the Hon'ble Dr. Rashbehary Ghose to pass altogether unchallenged. I heard those remarks with regret. The Hon'ble Member claimed to set down naught in malice, but, if I understand his remarks aright, he lent the countenance of his name and the weight of his eloquence to those who will set down much in malice. It is frequently asserted, and still more frequently insinuated, that famines are now of more constant occurrence and are more serious in character under British rule than they were formerly, owing to the gradual impoverishment of the people. Statements to this effect, often repeated and suffered to pass without contradiction, have now come to be accepted as axiomatic and are taken as part of the regular stock-in-trade of journalism. And yet these statements are absolutely incorrect and misleading. I do not for a moment mean to say that the Hon'ble Member committed himself definitely to such assertions, but I say that his remarks will tend to encourage their repetition. I regret the spirit in which these remarks were made, because I have no doubt that the aim of the Hon'ble Member is the same as that of Government, namely, to prevent famine as far as is humanly possible, and where famine cannot be avoided to do everything to alleviate the misery it must cause. I have no doubt that we all give the Hon'ble Member full credit for the honesty of purpose he claims. But if he desires to obtain a reputation for absolute fairness I trust that when he next reviews the subject of the alleviation of famine in the future he will not fail to make himself acquainted with, and to give due credit for, the great strides that have been made in the past, owing to which famines, terrible as they still may be, are not comparable in the distress and misery they cause with those of former times.

"In our Agricultural policy we are now approaching the end of a period of transition. The Department was built up during a long series of years chiefly by the patient and far-seeing efforts of Sir Edward Buck, whose great interest in India makes him still a yearly visitor to its shores. He laid the foundations during years of financial stress, and he recognised that in a branch of work from which no quick and visible returns could be derived, it was the part of true wisdom not unnecessarily to attract the attention of the financial authorities by any excessive demands for pecuniary assistance. He devoted himself rather to economies in the troublesome and often protracted system of land settlement, and in the domain of agriculture to inquiry and organisation, so that when a more propitious time arrived his successors should be prepared to reap the advantage of it. The appreciation by the Government and by the public of the possibilities before the Department gradually increased, the demand for a more active policy gathered force, and at the same time the improvement in the finances of the country enabled the Government to make an entirely new departure. In all the Provinces funds have in recent years been provided on a liberal scale for the expansion of the agricultural organisation for the recruiting of trained experts, for the provision of model or experimental farms, and for the improvement or establishment of schools or colleges. At the same time the Imperial Government has made special provision at Pusa for two definite purposes:—for the highest forms of scientific research and for the higher training of Indian students. We have thus, as I said, been in a period of transition—transition from the ill-equipped state of some years ago, when the staff of the Department was as small as the duties thrown upon it were multifarious—to the

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time when we shall have a strong and, we hope, a capable staff, competent both to grapple with the research work which must be the basis of all progress, and to bring the results before the peasantry, whether with a view to actual improvements or introduction of new staples and new methods, or with a view to the avoidance of the diseases and blights which have caused and do cause almost incalculable damage every year. We have obtained now the greater part of our expert staff, not indeed all we hoped for, but nearly all that can be provided at present, and the immediate future will be a period of training, of organisation, and of consolidation both in the Provinces and in the branches of work directly under the Imperial Government. At Pusa the work of research is now in full operation, the main buildings are nearly complete, and I hope in a few days to inspect their progress. When it will be possible to open the college I am not certain, but I hope at no very distant date, as the work of training is now perhaps the most important of all we have to undertake. The expansion of our provincial staffs is more likely to be delayed by want of men than by want of funds, and I hope to see a large increase in the number and the quality of the students who resort to our agricultural schools and colleges. It is with them indeed that the future must rest; and I hope that the numbers who are willing to devote themselves to what is, after all, the greatest of the interests of India will increase, and that the best brains of the country may be found in the service of its agriculture.

"The Financial Statement deals at some length with Irrigation works. The remarkable results achieved in the Punjab must give satisfaction to all who are interested in the material prosperity of the people of the country and in the growth of its revenues. It will interest the Council, as an example of the manner in which the enthusiasm of our engineers is ever ready to take advantage of the progress of modern discovery, to know that enquiries have been started in the Punjab to ascertain the possibilities of carrying on lift irrigation by electric power. The Province which now undoubtedly offers the most promising field for further profitable extensions of irrigation is Sind. There, owing to the absence of weirs, few of the canals at present carry any cold weather supplies, but with suitable weirs across the Indus vast and promising extensions of irrigation, unequalled I am told in any other part of India, would be feasible. It is possible that three weirs would be required which would break up a long stretch of the Indus into portions of convenient lengths for canals to irrigate the Indus Valley from the confluence of the Chenab river to the sea. In other Provinces equally profitable results cannot be secured, but the Council are aware that in consequence of the Report of the Irrigation Commission we are considering not only the most profitable schemes but also those which would not in former times have been deemed sufficiently remunerative, and that ever-increasing attention is being given to the protection of insecure tracts from famine. Of the many proposals under investigation there are three large reservoir projects in Madras—the Tungabhadra, the Kistna and the Cauvery schemes, the combined magnitude of which is almost staggering to anyone but an Irrigation Engineer. I am not certain that I ought to except even the Engineer, and the Hon'ble Mr. Sim, who has pleaded the cause of Madras, will, I feel sure, admit that projects so vast must be very carefully considered in all their aspects before public funds can be devoted to their construction. In Bombay the Godavari project, estimated to cost nearly a crore, has been sanctioned, and an interesting feature of another protective scheme under consideration in that Presidency is a proposal to use the water not only for irrigation but for the supply of power, the nature of the site lending itself to a scheme for this purpose. In the Central Provinces the largest scheme under consideration is one for irrigation from the Mahanadi.

"I should like to add a few remarks on the Budget proposals from the provincial point of view—more particularly with reference to their effect on the Province I have myself lately administered. In this view I desire to express a very hearty approval of the scheme for making assignments to the various Provinces to build up a Famine Reserve, and I observe that these proposals have been cordially received by more than one Local Government. When the

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provincial contract for the Central Provinces was under consideration, we admitted that we were treated with all the liberality we could expect. There was only one point on which we felt some hesitation, and that was our liability in the event of famine. The Government of India were good enough to make some modification, which relieved us of our more immediate anxieties, but I am very glad to see that a permanent scheme has now been devised, the terms of which are sufficiently liberal, if only we have a few good years to start with, to remove the danger of that dislocation of provincial finance which in previous years has had such a disastrous effect in impeding development. The first year of the new Provincial contract with the Central Provinces has just closed: the contract has worked out better than was expected; the provincial allowances are more than sufficient to meet the present scale of provincial expenditure, and will permit the administration to recover the ground it has lost during a long succession of lean years. That the contract has turned out so well is partly due to a cause that may be held, as the Hon'ble the Tikka Sahib has pointed out in connection with another Province, to have its unsatisfactory aspects—a great development in receipts from excise. The growth of this revenue is very largely due to a change of system introduced in large areas by which the supply of liquor has been brought under better control and its price raised: and so far it is satisfactory. It is also due to good times and to a very extraordinary increase in the wages of our labouring classes, amongst whom the habit of drinking is more widespread than in other parts of the country with which I am familiar. It is possible that these good times have led them to indulge more freely than before, and, if so, this is unsatisfactory; but the possibilities of evil are being recognised, I am glad to say, by the people themselves, and in more than one district temperance societies have been formed. One of these in a remote upland district had, when I last heard of it, obtained considerable success, and its adherents had passed through the temptations of certain festive seasons without lapsing. The local authorities have given their countenance to the movement, and the Government regards it favourably and with interest. Beyond this official action cannot go, but the Hon'ble Member will doubtless be glad to hear that these movements in favour of temperance are springing up amongst the people themselves, with whom rest the social influences that alone can maintain the vitality and ensure the success of efforts at reform.

“My Lord, the Central Provinces are well and ably represented on this Council, but this is the only occasion on which I shall ever have any claim to speak specially on their behalf, and I venture therefore to say that they fully deserve the great improvement in their financial condition that has recently been allowed them. They were described long ago by a well-known Anglo-Indian poet, though in a forgotten poem, as the Cinderella of the Indian Provinces. This description still holds good, for till now they have had no funds with which to make a respectable appearance in public. But they have a keen and, in many parts, a very intelligent population, they have many tracts of unusual fertility, immense mineral resources, and forests which are rapidly improving and which will in the future be a valuable asset. They only require development, and at present their urgent need is an extension of railway communications. Their present railways cannot move even the grain crops in a good year, and even the richest tracts are entirely unprovided with feeders. I share the disappointment caused by the announcement that progress in the construction of new railways will be retarded. It is possible that in the past the provincial aim has been too much to provide railways that would be useful in time of famine. In the circumstances of the time this was only natural. The Province now requires railways in the paying tracts, railways that will assist not only in the transport of its food-grains, but of its cotton and manganese and coal and forest-produce. There is a great commercial future before the Central Provinces, but progress is everywhere hindered by want of adequate transport. I believe that local capital would, though perhaps only to a limited extent, be forthcoming for the more promising lines, and I hope that it may eventually be found possible to devise some scheme that will encourage the local or private investor in this country to come forward to supplement the funds that are provided in the ordinary course of the programme of railway construction.”

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The Hon'ble MR. FINLAY said :—" My Lord, it is satisfactory to a member who has just assumed charge of the Commerce and Industry Department to find the position of the country so sound in regard to the interests with which he is specially concerned. The figures of the Financial Statement bear throughout clear though indirect testimony to the continued progress of the trade and industries of India. The trade returns afford direct evidence to the same effect : the imports of merchandise in the first 11 months of 1906-1907 exceed those of the same months in 1905-1906, which was itself a record year, by between 5 and 6 crores of rupees : and the exports of Indian merchandise show an excess of between 12 and 13 crores. I may perhaps add that on my return to India, after an absence of more than four years, the fact which has made the keenest impression on my mind is the very great progress which has been made by the country during the interval. In Calcutta, in Bombay, in Madras, in Cawnpore I have seen and heard striking evidence of advance in every direction, and of commercial activity and progress of the most satisfactory kind.

" The members of this Council are aware that the Post Office in India is one of the best managed and most progressive of the departments of the public service, constantly assiduous in meeting and anticipating the needs and wishes of the public. The administration of the Post Office in this country compares favourably with that of any country in the world. I am glad that in this year's Budget Statement it has been possible to announce some important concessions to the letter-writing public.

" The first of these relates to letters to foreign countries. The Rome Universal Postal Conference of last summer altered the unit of letter weight from 15 to 20 grammes, and allowed the British Post Office to declare its equivalent to 20 grammes to be one ounce. India will follow the lead of Great Britain, and from October next the unit of weight for letters sent out of India will be doubled, being raised from half an ounce to one ounce. The rate of postage to countries within the British Empire will be one anna an ounce. To countries not in the British Empire the rate will be $2\frac{1}{2}$ annas for the first ounce, with $1\frac{1}{2}$ anna additional for each additional ounce.

" In almost all the countries of the world the lowest rate for which a letter is carried within the country is the equivalent of one anna. In India, almost alone, there is the specially low rate of half-an-anna. Till two years ago the weight allowed to be sent for this special rate was half-a-tola. From April 1905 this was raised to three-quarters of a tola. In the debate in this Council on March 29, 1905, the Hon'ble Sir J. Hewett stated that the Government of India hoped that the weight might eventually be raised to one tola. We are now in a position to fulfil this promise, and from October next half-an-anna will cover the postage of an inland letter not exceeding one tola in weight. This concession the Government of India intend to be final : whatever alterations may be made in the other units of weight for letters, they do not contemplate any further alteration in the weight of letters charged with the half-anna rate : nor can they hold out any hope of a reduction of the rate below half-an-anna as suggested by the Hon'ble Mr. Chitnavis.

" The half-anna rate is a special rate for light letters peculiar to India. The real unit of letter postage in India, as in other countries, is one anna. Till 1898 the weight covered by this rate was one tola ; in October 1898 this was raised to $1\frac{1}{2}$ tolas, which is the equivalent of about $\frac{2}{3}$ of an ounce. When the unit for foreign letters is raised to 1 oz. it would be impossible to retain unchanged the unit for inland letters. For it would be out of the question to charge one anna for a letter sent from Calcutta to London *via* Bombay and to charge two annas for a letter of the same weight sent to Bombay. From October next the letter unit of weight for inland letters will be increased to three tolas. This is the equivalent of rather less than $1\frac{1}{4}$ oz., and the Government of India do not consider that this increase can be considered as final : they think that the difference between the weight of an inland and of a foreign letter which can be carried for one anna should be considerably greater than 25 per

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cent. In England a letter weighing 4 oz., the equivalent of about .10 tolas, is carried for a penny; and the Government of India hope, if the Post Office revenues continue to increase, to be able to announce next year a further increase in the unit of weight of inland letters which may be sent for one anna.

"The last valuation of the Postal Insurance Fund showed a considerable surplus, and, with the approval of the Actuary who made the valuation, the Government of India have decided to increase by 10 per cent. the sums insured by the existing premia: thus the monthly payments which have hitherto effected an insurance for Rs. 100 will in future secure Rs. 110. This concession will apply to all policies in existence on April 1, 1907, as well as to new policies from that date.

"I am also able to announce a reduction in a not unimportant telegraph rate. The tariff on telegrams between India and Aden is now Rs. 1-5 a word. It will shortly be reduced to one rupee a word. The representations made by the Government of India have secured the consent of the Cable Companies concerned to this reduction, and I hope that the negotiations will before long also result in a corresponding reduction in the rate for telegrams to and from East and South Africa, and the Red Sea Littoral.

"The Hon'ble the Nawab Sahib refers to the question of making railway receipts negotiable instruments. I think he exaggerates the possible effects of this suggested change in the law, and I have never before heard that there was a clash of interests in regard to it between the large and the small trade centres. In any case I could not advise the Government to legislate on such a subject without feeling confident of the fairly unanimous support of commercial opinion.

"The same Hon'ble Member mentions the question of the purchase of stores required from England. The report of the Committee appointed to inquire into the system under which Indian and English stores are purchased for the use of the various departments has been received, and the recommendations made have been carefully considered. The Government will shortly place before the Secretary of State their views on the subject. Until their proposals reach the Secretary of State, I regret to say that we are not at liberty to publish the Committee's Report.

"The Hon'ble the Nawab Sahib and the Hon'ble Mr. Apcar refer to the Ganges Bridge Committee. The report of that Committee has not yet reached the Government, but I understand that it has been signed. When it is received, no time will be lost in taking up its consideration or in forwarding to the Secretary of State the recommendations of the Government of India on the subject. In the meantime the report will be published, and attention will be paid to any public criticisms or remarks which it may elicit.

"The Hon'ble the Nawab Sahib and the Hon'ble the Tikka Sahib of Nabha urge upon the Government to the claims of third class railway passengers for greater comforts and conveniences. The need for this is fully recognised, and I would refer Hon'ble Members to the remarks on the subject in the memorandum by the Railway Board appended to last year's Financial Statement. Although the Board do not recur to the matter this year, I can give an assurance that they have not relaxed their efforts to improve the comfort and convenience of third class passengers.

"The Hon'ble Mr. Apcar has commented on the reduction in the capital expenditure on railways. It is the case that the expenditure in 1907-1908 will be less than in 1906-1907, and also less than the amount entered for the year in the triennial programme which was provisionally sanctioned a year ago. The system of triennial programmes was sanctioned by the Secretary of State in the following words: 'Although I am not able to pledge myself unreservedly to the provision of money for three years in advance, I am willing to adopt the plan of a programme to be prepared each year of the expenditure for the coming three years, and to give provisional sanction beforehand to the expenditure necessary for carrying out the programme, subject, however, to financial exigencies

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which may compel me to restrict the grant in any year. Although the Secretary of State cannot divest himself of the power of revising the programme in the special circumstances above referred to, it may be understood that the intention is that ordinarily the allocation made in advance for any given year shall not be disturbed.' The programme prepared a year ago for the three years 1906-1907 to 1908-1909 was the first triennial programme prepared and provisionally sanctioned under these orders. And it is particularly unfortunate that it should have been necessary to exercise the reserved power of reduction in special circumstances in the very first year for which a provisional sanction had been given beforehand. I regret the reduction as much as my Hon'ble Colleagues. But we must bow to the financial necessities which have led to the decision. The capital expenditure on railways must clearly be limited by the amount which can be borrowed in the year: there is no possibility of escaping from that limitation, though there may be difference of opinion as to the correctness of the estimate of the amount which it will be possible to borrow in the coming year. Provision has been made for a loan of three crores in India. I believe that banking and commercial opinion in India will endorse the opinion of the Government of India that it would not be prudent to issue a larger loan in India in the coming year. But the amount that can be raised in India is only a small fraction of the sum required for capital expenditure on railways, and the restriction of that expenditure really depends on the amount of sterling borrowing in London. This must be settled by the Secretary of State, who has at his command the fullest information and the best financial advice relating to the London money market. His decision as to the amount which can prudently be borrowed in London next year necessitates the reduction of the capital expenditure on railways from 15 to 13½ crores. While we regret the decision we must accept it; and enough is known in India of the present circumstances of the London money market to explain it.

"The Government of India are fully conscious of the disadvantages which this reduction in the rate of railway capital expenditure entails, and of the disappointment with which it is regarded by the mercantile community and all who are interested in the development of the country; and they recognise that the reduction is particularly inopportune at the present time when trade is exceptionally active, and when the Indian railways are proving increasingly remunerative. It has been necessary to omit from next year's estimates any provision for starting the construction of new lines, to retard slightly the progress of lines under construction, and to reduce to a small extent the expenditure on special works of open lines. The expenditure on rolling stock and on ordinary works of open lines has not been reduced, and the capital expenditure on open lines absorbs nearly three-fourths of the total provision of 13½ crores.

"If we are to reap the full advantage of our large past expenditure on railways and to avoid causing grave inconvenience to trade, we must be prepared to face an increase in the annual capital expenditure on open lines; and, in view of the urgent need for new lines in many parts of the country, we cannot long continue to restrict the expenditure on new construction. Must we then admit that the task of financing Indian railways has attained such a magnitude as to be beyond the power of the Government of India to undertake successfully? Or may we hope to devise some means by which we shall be enabled to fulfil our responsibilities, and avoid in future years a retardation of progress such as that which the state of the money market in London has forced upon us for next year? The Government of India do not despair of finding a remedy and will address themselves to the task.

"One means of relieving the Government of a portion of its difficulties and of increasing the progress of railway construction I may mention. It is private enterprise. In most other countries railways have been built without the direct intervention of the Government; and it has always seemed to me unfortunate that the Government of India has been required to take so large a share in the work of providing India with railways. The policy of giving guarantees was, no doubt, necessary at the beginning. But I myself believe that if during the last

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thirty years or so the Government had sternly refused to give guarantees or any special assistance to private enterprise, and promoters had known that it was useless to ask for special assistance, real private enterprise would have come forward, and we should by this time have had more railways in India than we have built under the system of almost complete dependence on Government assistance. By private enterprise I do not mean the enterprise which would, while accepting the chance of profit, throw on the Government the risk of loss: I mean enterprise which accepts both the risk of loss and the chance of profit. If private promoters make proposals of this nature, they will find that they are welcomed both by the Railway Board and by the Government of India, and they will not have any unreasonable conditions imposed on them. But I confess that I am not sanguine that private enterprise will come forward so freely as to admit of the adoption of the very radical change in railway policy recommended by the Hon'ble Mr. Chitnavis.

"There is one remedy for the defects of the existing system often suggested in vague terms which I will mention only to reject. It is the separation of railway finance from the general finance of the Government. My Lord, the difficulties in the way of raising money for railway construction are real difficulties, and not difficulties which can be avoided by any book-keeping device. It will not make it any easier to raise the total amount of the loans that the Government require if the loans are divided into two classes, one of loans required for railways and the other of loans required for other purposes; and it would be impossible to give the first class precedence over the second, for when loans for other purposes are required, they are of an even more urgent nature than railway loans. In ordinary years we borrow practically only for capital expenditure on railways and irrigation, and the suggested separation of railway from general finance would have no effect whatever on the only real difficulty of our present system—the difficulty of raising the money required for railway construction.

"The restriction on the amount of our loans, which leads to the limitation of our railway programme, is exercised by those responsible for the decision on consideration of the price at which the loans are likely to be floated, that is, of the effect on our credit in the money market of loans of any required amount. At present our sterling loans are issued at 3 per cent., and at a discount. We cannot largely increase the amount of the loans without increasing the discount. But if we were prepared to pay a higher rate of interest, or to offer subsidiary advantages,—such as a share in the profits of our railways in addition to the fixed interest,—we should probably be able to raise in the London money market larger sums than are now considered prudent. There are of course objections and difficulties in the way of the adoption of either of these suggestions; but they are worthy of consideration.

"The Hon'ble Mr. Gokhale has today made a suggestion which, if adopted, would place at our disposal a considerable annual amount without in any way affecting the credit on the London money market of the Secretary of State. It is, in effect, that further investments on account of the Gold Standard Reserve should be made in our own railways instead of in sterling securities bought in the open market. The annual profits on coinage are, the Council is aware, invested in sterling securities in order to form a fund to be used, when occasion arises, for the purpose of preventing the rate of exchange falling below 1s. 4d. the rupee. Till the sterling investments have reached an amount which shall be unquestionably large enough to secure the object of the fund, no one would propose to divert the profits on coinage to any other purpose. The sterling investments now amount to over 12½ millions; and in addition the Government of India hold in the Currency Reserve and the Treasuries between 10 and 11 millions of gold, which would be as readily available as the investments, or more so, for use for the purpose for which the Gold Standard Reserve exists. In view of these figures the question arises whether the time will not shortly come when it will be unnecessary to continue to add to the sterling investments, and to incur the annual loss of the difference between the rate of interest secured from the investments, and the rate at which our annual loans are issued. That is a question which must be decided without

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reference to the need of further expenditure on railways, and with reference solely to the sufficiency of the Gold Standard Reserve Fund for the purpose for which it was formed. But if it should be decided in the affirmative, the Government will be relieved of some of its difficulties in raising adequate funds for the construction of railways.

"I have mentioned some possible means of preventing an undue restriction of our capital expenditure on railways in the future: and there may be others, I do not wish to commit myself to advocate the adoption of any of them. But I can say this, that the Government of India will give the matter their early and careful consideration.

"Since I assumed charge of my present office the most important and most urgent question that I have had to deal with has been the deficiency of rolling stock on Indian railways. The Hon'ble Mr. Apcar has today given forcible expression to the general feeling of the public on this subject, and I have no fault to find with the accuracy of his description of the situation. I have received verbally and in writing complaints on the subject from Calcutta, Bombay, and Madras. These representations and the information supplied by the Railway Board leave no room for doubt that there is a serious deficiency in rolling stock, not confined to any particular railway but on practically all railways. The Government of India fully recognise the gravity of the situation which the Hon'ble Mr. Apcar has portrayed. I will not take up the time of the Council by discussing the past causes of this deficiency, except to hazard the suggestion that it is very largely due to the fact that the prosperity of India and the increase in the traffic offering have been very much greater than was foreseen or could reasonably have been assumed in forecasting our future requirements. Neglecting the past, we may confine our attention to the present and the future. As to the present, unfortunately no full remedy is possible: rolling stock takes time to build, and all that can be done is to make full use of the existing stock. I have the assurance of the Railway Board that they and all the Railways concerned have in the last few months been doing and are now doing their utmost to mitigate the present inconvenience by removing any defects in the methods of working the traffic, and to see that the fullest possible use is being extracted from every wagon at their disposal.

"As to the future, the figures given in the Financial Statement show that the Government are taking steps to make good the deficiency in rolling stock. The provision under this head amounts to 568 lakhs. The corresponding amounts in recent years were:—

	Lakhs.
1903-1904	291
1904-1905	292
1905-1906	279
1906-1907	382

"The deficiency in rolling stock was recognised a year ago, and the grant was largely increased in the current year. It has been still further increased for next year. The Hon'ble Mr. Apcar has called attention to the statement of the Railway Board that the provision has met in full the demands of all railways for grants for rolling stock. Special efforts will be required on the part of the India Office to spend the whole of the grant, and no doubt they will be made: the Government of India have impressed on the Secretary of State the urgency of the demands.

"In order to reduce in future years the difficulty of obtaining within the year the rolling stock for which funds are provided, the Railway Board are taking a special step this year, a step which will meet with the approval of my friend Mr. Apcar, as it goes a considerable way in the direction which he has just recommended. The Secretary of State has provisionally sanctioned, subject to revision on financial grounds, a programme of railway capital expenditure of 15 crores in 1908-1909 and of 15 crores in 1909-1910. These figures include certain provision for rolling stock—474 lakhs in 1908-1909 and 368

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in 1909-1910. The Railway Board have now addressed all the Railway Administrations, informing them of the amount provided in the triennial programme for rolling stock in 1908-1909 and 1909-1910, and have urged on them the necessity of preparing and obtaining sanction to estimates for the rolling stock required in those years, and of sending home indents as soon as possible. This will enable the India Office to make timely arrangements for placing the orders for supply in the two later years covered by the triennial programme. The same instructions will apply to purchases in India. For I may explain—and this has an important bearing on the Hon'ble Mr. Apcar's remarks regarding the encouragement of Engineering firms in India—that in September 1905 the Railway Board issued instructions to the State Railways to call for tenders in India for the supply of 25 per cent. of any sanction for goods stock. I think the Hon'ble Member will admit that this is as great an assurance of steady employment as it would be proper for the Government to give. In addition to orders for goods stock, large and important orders are given to firms in India for structural iron work and ferry plant by the administrations of both State and Companies' lines.

“The above remarks state what is being done to meet what may be termed the current demands of the railways, and to bring the stock of each railway up to its requirements. The Government of India, however, think that the situation demands a further measure of a special character, and they are proposing to the Secretary of State the formation of a central reserve of rolling stock to be at the disposal of the Railway Board for issue to any railway which may from time to time require its own stock to be temporarily supplemented.

“So much for what the Government is doing. Now, I have a suggestion to make to the various coal and other companies who have felt the stress of the shortage of wagons. Could they not take some share in the steps to prevent the recurrence of the grave inconvenience of the past few months? In England and Scotland it is the almost invariable practice of such companies to supply their own wagons: they do not depend entirely on the railways to meet their demands. Cannot Indian companies do likewise? There may be difficulties; but I can assure the various companies that if any of them are ready to supply rolling stock for their own use their proposals will be welcomed by the Railway Board and the Government of India, and that reasonable conditions for the use of private wagons on railways will be agreed to.”

The Hon'ble SIR HARVEY ADAMSON said:—“My Lord, the Hon'ble Sir Steynning Edgerley has expressed his disappointment that the Government of India have not been able to move faster towards the Settlement figure for Police expenditure. The figure for the whole of India was 150 lakhs to be worked up to at the rate of 25 lakhs a year. In the first year the Government of India gave 50 lakhs instead of 25, and the yearly rate of 25 lakhs has been maintained and even exceeded since. Up to date the Bombay Government have received 9½ lakhs for recurring expenditure, a much greater sum than they have been able to spend on the purposes for which the grant was made. In consequence of this inability they diverted part of it to the building of the Central Police Training School, an object for which it was not originally intended. The Bombay Government have not been delayed in their reorganization schemes owing to references to the Secretary of State. The superior establishment was sanctioned with retrospective effect, and though the Subordinate Police scheme, owing to a further reference has not yet been despatched to the Secretary of State, the Government of Bombay have been allowed to bring part of the scheme into operation. I may add that it is, of course, the case that the balances of previous years are available for future expenditure. It is quite true that it is desirable that the changes advocated by the Police Commission should be brought to completion at as early a date as possible, but I believe that the Hon'ble the Finance Member is moving as fast in this matter as his resources will reasonably permit him to do.

“The subject of decentralized administration referred to by the Hon'ble Sir Steynning Edgerley is already under the consideration of the Government of

[*Sir Harvey Adamson.*]

India. It is a big subject, and all that I can say at present is that the Hon'ble Member's valuable contribution will receive careful examination.

"With reference to the Hon'ble the Maharaja of Darbhanga's remarks on the subject of cleansing and beautifying Calcutta I am glad to announce that as the result of a conference held at Belvedere, at which I was present, there is every prospect of the scheme for the improvement of Calcutta soon coming to a successful issue.

"The Maharaja has referred to the question of the separation of Judicial and Executive functions. It is a few years now since Local Governments reported on the advantages and disadvantages of the proposal. I am afraid that it will be necessary to address Local Governments again on the question, not for the purpose of ascertaining what can be said for and against it, for that has already been fully discussed, but for the purpose of ascertaining what progress has been achieved during past years in separating the functions owing to the general effect that increase of work always exercises in the division of labour, and what still remains to be done in this direction. There can be no doubt that in many parts of India increase of work, both Executive and Judicial, has tended to a separation of the functions. In the meantime I may say, and I am only stating my own individual opinion formed on a perusal of the reports, that both the Maharaja and the gentlemen who were the authors of the memorial of a few years ago that opened the question are taking rather too serious a view of the present position, and that their arguments refer to a time when the District Magistrate was also the Police Superintendent of the district rather than to the present time when the District Magistrate seldom tries a criminal case and rarely takes part in the investigation of a crime. The District Magistrate who combines in his own person the duties of thief catcher, prosecutor and judge does not exist in India, and has not existed for the past half-century. Still I am not prepared to say that the present footing is in all respects a satisfactory one. I hope that the question will be brought to a solution before the return of the Government to Calcutta.

"The Hon'ble the Nawab of Dacca has referred to the present condition of political feeling in India and to the license of a section of the Press. I say without fear of contradiction that there is no country in the world in which the Press enjoys greater liberty than in India. It has from time immemorial been the policy of Government to refrain from putting the law in motion against the Press except in the extremest of cases. It is unfortunately only too true that in recent years, in the tension of political feeling, a section of the Press has stooped to scarcely veiled sedition. It is a matter that has seriously attracted the attention of Government. I venture to commend its careful consideration to the Native leaders of political thought in India, in whose desire for an enlarged representation of Natives in the administration of the country I can cordially sympathise, and whose loyalty to the British Crown I have never doubted. In particular I would draw their attention to the disastrous influence that a section of the Press exercises upon higher education. It is no light matter that the rising generation of students, to whom, when they are grown up, a large share in the administration of the country will be entrusted, should be taught by their daily reading during their most impressionable years to resent discipline, to condemn authority, and to hate the Government to which the destinies of India have been committed.

"I should have been glad to reply to the remarks made by other Hon'ble Members on matters that concern the Home Department. But in a Department which embraces thousands of subjects it is obviously necessary that a Member of the Executive Government should have at least a day's notice of the subjects that are to be criticised before he can be in a position to answer the criticisms with the authority that attaches to his position in the Government of India. I hope, therefore, that Hon'ble Members will excuse me from replying to criticisms of which I have had no notice.

"But I cannot pass in silence the concluding portion of the Hon'ble Mr. Gokhale's speech, in which he represents the Indian Civil Service as a caste whose only aim is to retain a monopoly of power for themselves. The

[*Sir Harvey Adamson.*]

Hon'ble Member forgoes that the Indian Civil Service is the custodian of the interests of the three hundred millions who inhabit India, and not merely of the small party of perhaps a few millions of whom he is the spokesman. The Hon'ble Member in his tours through India has formulated his demand, namely, self-government for India on the lines of a self-governing colony. We all may be allowed to look forward to the day, far distant, when education will have permeated through India, when the hundreds of races that inhabit it will have attained some measure of homogeneousness, and when such form of administration may be feasible; but to set up that type of government at the present day as a plank of practical politics is as illogical and absurd as it would be for a teacher to instruct a pupil in the differential calculus immediately after he had mastered the principles of simple addition. If the Indian Civil Service allowed themselves in the present conditions of India to countenance such fads as this, they would indeed be worthy of even greater denunciation than they have received from the Hon'ble Member.

"I will now refer to one or two subjects which may be of some interest to the public. The first of these is the revision of the Imperial Gazetteer.

"In August 1900, when the preliminary operations were being undertaken in connection with the Census of 1901, the Government of India decided to take advantage of the special facilities which these offered for the effective and cheap revision of the Imperial Gazetteer of India through the agency of the provincial superintendents of the Census. These officers had been selected with an eye to their literary aptitude and would, it was thought, on the completion of the Census, be well equipped with material for compiling articles dealing with provinces, states, districts, large cities, etc. The proposal to carry out the scheme of revision on these lines was accepted by the Secretary of State. Under the general plan of revision Mr. J. S. Cotton was selected by the Secretary of State as the English Editor and Sir Herbert Risley was appointed as the Indian Editor, but, owing to the latter's selection in September 1902 as Home Secretary, Mr. W. S. Meyer was appointed Editor for India; and on the latter's appointment to be Finance Secretary, Mr. R. Burn, then provincial superintendent in the United Provinces, was entrusted, in February 1905, with the work. The result of the entire operations will be as follows:—

There will be issued in the first place the new Imperial Gazetteer embracing (a) four volumes on India as a whole, dealing respectively with descriptive, historical, economic and administrative matter: (b) twenty volumes containing, in a general alphabetical arrangement for all India, articles on provinces, states, mountains, rivers, districts, towns, etc., and (c) a concluding index volume for the whole work. The four India Volumes, while forming a component part of the Imperial Gazetteer, will also be issued separately as the Indian Empire series, and each volume will have its own index. In addition there will be the provincial gazetteer, which will be a collection for each British province and Native State of the articles relating thereto which are scattered through the volumes of the Imperial Gazetteer. These articles will be brought together for each province, and the whole series will consist of twenty-five volumes, each volume containing a full table of contents and a separate index. Finally there will be a district gazetteer series, comprising two separate volumes for each district, *viz.*, a main volume containing descriptive matter, and a subsidiary volume giving the more important district statistics. It is also proposed to issue a special atlas in connection with the Imperial Gazetteer. The atlas will consist of 64 plates or separate sheets: and a folding map of India will also be inserted in a pocket in each of the volumes of the Indian Empire series. The work of printing the Imperial and provincial gazetteers has been entrusted to the Clarendon Press, Oxford, but while the former will be published in England the latter will be published in India. The work in connection with the atlas has been entrusted to Mr. J. G.

[*Sir Harvey Adamson.*]

Bartholomew. Volumes I, III and IV of the Indian Empire series will be published very shortly.

"I will next briefly relate the progress that has been made in the reorganisation of the police.

"The reorganisation of the *superior* police establishment for all provinces received sanction during the year 1905 and effect is now being given to the reforms. Sanction has also been received to the entertainment of *deputy superintendents*. The complete reorganisation of the *subordinate* grades of the *district* police has been sanctioned in Bengal, the Punjab, Eastern Bengal and Assam, the Central Provinces, and Coorg. The scheme for the revision of the Burma subordinate police has recently been submitted to the Secretary of State: that for the United Provinces is about to be submitted. Final proposals on certain branches of the subject are still awaited from Madras and Bombay. Meantime sanction has been accorded to the carrying out of immediately necessary reforms on lines suggested by the Government of India. Proposals for the reorganisation of the city police in Calcutta, Madras, and Rangoon have been sanctioned by the Secretary of State. The revision of the similar force in Bombay has been deferred at the request of the Local Government. Proposals for the revision of the railway police in Bengal, the Punjab, Eastern Bengal and Assam, and the Central Provinces were included in the schemes for the revision of the subordinate police of those provinces and have been sanctioned. The Burma general proposals (like the United Provinces general proposals) also include the railway police. The Bombay proposals and the Madras proposals are now under consideration. Proposals are still awaited from the North-West Frontier Province. A sum of Rs. 50 lakhs of rupees was allotted during 1905-06. A grant of 25 lakhs of rupees was made during the year 1906-07, and for 1907-08 a further grant has been made of 30½ lakhs of rupees for the furthering of such reforms as have already been sanctioned.

"It may interest my Hon'ble Colleagues and the public to hear what progress has been made in the scheme for the endowment of a Research Institute for India, which owes its origin to the munificent liberality of the late Mr. Jamsetjee Nasserwanjee Tata. The last information communicated to the public was contained in the Bombay Government Resolution No. 431, dated the 8th March 1905. As related in the papers then published, the Government of India accepted Mr. Lowndes' valuation of the endowment properties, agreed to the proposals regarding the guarantee fund, and consented to make an annual grant to the Institute of a sum equal to one-half of the local assets, subject to a maximum of Rs. 1,50,000, and to make an initial grant of Rs. 2,50,000 towards the construction of the necessary buildings and the provision of scientific apparatus. They also agreed that the administration both of the endowment property and of the Institute itself should be carried out by a scheme under the Charitable Endowments Act providing for the vesting of the endowment property in the Treasurer of Charitable Endowments, and the formation of a Council in which would be vested the general administration of the Trust, the management of the property, and the executive administration of the Institute. Such being the accepted arrangements, the Messrs. Tata were asked to submit an application under section 4 of the Charitable Endowments Act embracing the whole scheme. This they did through their solicitors, Messrs. Ardesir Hormasji Dinshaw & Co., on the 6th June 1906. The scheme was necessarily one of exceptional intricacy and it required careful and detailed consideration.

"Some months before this scheme was submitted to them the Government of India had, at the request of the Messrs. Tata, moved the Secretary of State to enlist the assistance of the Royal Society in nominating a Director for the Institute in the hope that this would materially facilitate the settlement of the remaining details of the project, and would afford a definite guarantee of progress. Dr. Morris W. Travers, F.R.S., Professor of Chemistry at the University College, Bristol, was selected for the appointment, and arrived in India about the middle of November last. Since then he has been engaged in revising the scheme for the Institute in consultation with the Government of India and the representatives of the Messrs. Tata, and his assistance has been of the utmost

[*Sir Harvey Adamson ; Major General Scott.*]

value in working out the numerous points which called for decision. There are now good grounds for hoping that at no distant date the Indian Institute of Science, planned by the foresight and philanthropy of the late Mr. Tata and promoted by the generosity of the Mysore State, will pass beyond the stage of preliminary discussion, which has lasted so long, that a suitable governing body will be organized, and that the actual construction and equipment of the buildings at Bangalore will be commenced. The funds available for this purpose consist of Rs. 5,00,000 from the Mysore State and Rs. 2,50,000 from the Government of India, in all Rs. 7,50,000 for objects estimated to cost Rs. 6,57,000. For the working expenses of the Institute there will be available Rs. 1,25,000 derived from the endowment property, grants-in-aid of Rs. 50,000 from the Mysore State, and Rs. 87,500 from the Government of India, making up a working income of Rs. 2,62,500 as compared with Rs. 1,75,000 mentioned by Sir William Ramsay in his report of 1900 as the minimum sum required for an adequate commencement. With an assured income of this amount it is believed that the governing body will be in a position to procure the most competent teachers, to retain their services for long periods, and to found research scholarships for the encouragement of students. They will in fact be able to carry on their operations on a scale commensurate with the high aims which the founder of the endowment had in view. While sympathising cordially with these aims the Government of India have no desire to associate themselves directly with the actual administration of the Institute or to claim a determining voice in the settlement of the lines of research to be followed or the methods of instruction to be employed. They realise that the results of the experiment that is now about to be tried will depend mainly upon the character and energy of those who come forward to take advantage of the facilities for advanced study which it will offer. They are anxious not to interfere with the free growth of whatever forms of intellectual activity and economic enterprise the Institute may encourage or create, and they will therefore confine themselves strictly to exercising no more than that degree of influence and control which is justified, and indeed rendered obligatory, by the grant-in-aid which they are giving from public funds."

The Hon'ble MAJOR-GENERAL SCOTT said :—" My Lord, the majority of the important measures with which the Department of Military Supply is concerned have already been referred to in the Military Finance Secretary's memorandum, which will be found embodied in the Hon'ble Finance Member's statement. I do not propose therefore to take up the Council's valuable time by repeating information which is already at their disposal, but merely to invite attention to one or two matters which may be of general interest.

" In regard to the delay in manufacture which has occurred in some of the ordnance factories, I should like to mention that this is mainly due to the scarcity of trained labour, the demand for which has become very great all over India owing to the increasing number of mills, factories, and other works which are being installed. The country has doubtless every reason to be gratified at the general prosperity which this demand for skilled labour indicates, but at the same time the scarcity causes considerable inconvenience to superintendents and managers, and it is recognised that every endeavour must be made to attract labour by providing suitable accommodation and healthy surroundings for the native workman.

" The explosions of cordite which occurred at Hyderabad (Sind) and Ferozepore have demonstrated the importance of adopting a more rigid system of periodical expert inspection of this and other war stores, and Government will shortly consider proposals which are being submitted by the Director General of Ordnance for the constitution of an expert Inspection Branch. He is also about to submit a scheme for the reorganization of the Ordnance Department generally, by which it is anticipated that a more complete decentralisation of factory and arsenal administration will be secured.

" In furtherance of the policy of Government to encourage private enterprise, it is intended in the future to obtain from private local manufacturers many articles of army clothing and ordnance equipment which have hitherto been

[Major General Scott; the Commander-in-Chief.] •

made in Government factories, and with this object in view it has been decided to abandon the scheme for the permanent establishment of a third Army Clothing Factory at Fategarh.

“The Military Finance Secretary has dealt in his memorandum with the expenditure incurred in the Military Works Services, and I would merely observe that out of the fixed grant of 100 lakhs, approximately, only a small part is expended on new works of a comparatively minor character, the remainder being required to meet ordinary demands for establishment, maintenance of existing buildings, and the other items referred to in paragraph 13 of the memorandum.

“We have every reason to be satisfied with the progress which is being made with horse-breeding operations in the various districts to which stallions under the control of the Army Remount Department have been allotted. The selected young stock resulting therefrom will eventually prove a valuable source of supply for army remounts.

• “The operations in connection with the establishment of stud farms at Ahmednagar and Mona with the object of preserving the pure Eastern breeds of horses, and of providing pure bred animals which will be fit for use as Imperial stallions, have so far been very successful. This and the establishment of young stock depôts and runs are the direct outcome of the recommendations of the Horse-Breeding Commission.

“During the past year marine survey work was carried out in the Persian Gulf and on the Burma coast, and in the archipelago to the eastward of the Middle Andaman Islands. One of the vessels was subsequently detailed for special work in the neighbourhood of the pearl banks near Mergui and Tavoy.”

His Excellency THE COMMANDER-IN-CHIEF said :—“My Lord, as Your Excellency said at the last Budget debate :—

‘The price paid for an army is the premium paid for the insurance of the country. The huge armies of modern nations are not due either to any tendency to over-insure, or to the promptings of mere military ambition. They exist in the first place for the maintenance of peace, because nations must know that on their armed strength depends their immunity from attack. No nation can hope to be great and prosperous without being strong amongst its fellows. Its wealth, the welfare of its people, its commerce, its investments, its interior development, depend on its security from hostile pressure—a security guaranteed only by the efficiency of its military forces.’

“Those words, my Lord, rightly define the principles of our military policy in India. Our arrangements are made to maintain the security of this country and its teeming millions of inhabitants, whom we have undertaken to protect, and for whom we are determined to ensure tranquillity in their homes. Our policy is, therefore, a purely defensive one, for it is most unlikely that we shall ever attack any other Power, or, indeed undertake any military operations, unless the necessity is forced upon us through aggression, or acts which compel us to defend what we hold.

“But whilst it is our duty to maintain adequate forces for the defence of this country, it is equally our duty to see that we obtain the best value for our money. As I pointed out last year, we are seeking to make the best use of the means at our disposal, by overhauling the machinery and reorganising our existing materials; and I can fully understand the interest that has been taken by the public (as Mr. Gokhale has shown today) in the Redistribution Scheme that is one of the projects on which we are now engaged.

“I have seen it stated that we intend to place a large portion of the Indian forces on the North-West Frontier, whilst others seem to be under the impression that the troops are to be collected together in certain great cantonments. Neither of these statements are in any way accurate. The principles on which we have been working are totally different. The distribution of the Army in India, as it stood before the present changes were introduced, has hardly seen any practical improvement since the days of the Mutiny. The Military areas into which the country has hitherto been

[*The Commander-in-Chief.*]

sub-divided have been mere geographical divisions of varied extent, with a different number of troops in each. They were not such that peace formations were in any degree adapted to the requirements of war. The troops for the various Brigades and Divisions of the field army had to be drawn from widely separated localities, and from different Commands. They could not be trained together in the tactical formations in which they would be employed in the field, and the numerous administrative details, on which every army must depend for its success and very existence, were extremely complex and unsatisfactory.

"These are some of the reasons, my Lord, which rendered it necessary for us to examine the disposition of our forces, and try to remedy some of the most glaring defects.

"We have been attempting to form Divisions self-contained in all respects—not only ready and able to take the field themselves, but also to leave behind, when mobilised, sufficient troops to provide adequately for order and tranquillity in the areas from which they are drawn on mobilisation. It has also been necessary to establish these Divisions on the main lines of railway, in such a manner that they can be transported rapidly when required. For this purpose it is manifestly unnecessary and inadvisable to locate the army on the North-West Frontier. The Divisions will be established 'en echelon' one behind the other on our various railway lines, so that we carry out the principle of conveniently dispersing our troops in peace whilst providing for their rapid concentration in war. It must not be forgotten that distance is a factor of comparatively minor importance in the railway concentration of troops for war. Every one knows that for the successful conduct of military operations many other things are needed besides the actual troops. Stores, food and ammunition have to be supplied; transport collected; remounts arranged for; and numerous other details, such as hospitals, field parks, etc., have to be provided. All these have to be delivered at the various bases of operations—that is, they require 'train-power'; and, however excellent our train service may be, it requires most careful consideration and organisation to enable all requirements to be delivered in a moderate time. It is, therefore, essential that we should so distribute our forces and material in time of peace as to enable a thoroughly equipped army to pass rapidly into a state of war, when required, without unnecessary dislocation and confusion.

"I have already referred to the provision of the necessary internal garrisons that have to be left behind for political purposes when our Army takes the field. Besides these there are two other important considerations which have to be provided for in any scheme of redistribution. These are health and training. We want to move the troops from unhealthy stations, or where they are scattered in isolated detachments, and are no longer required for political or military purposes, and place them in more healthy localities where they can be of greater value in the general scheme of defence. In order to make the best use of our existing material it is not only necessary that we should do all in our power to mitigate climatic effects as far as possible, but it is of equal importance that we should distribute our available forces so as to secure their efficient training in fighting formations in time of peace.

"The ideal would be to have the Brigades organised in peace time in the formations in which they would take the field in time of war—each commanded and trained under its own Brigadier. But this ideal is not entirely obtainable. It is, however, practicable to arrive at an organization and distribution which will meet the essential requirements of the case, enabling the troops to be highly trained on a divisional basis in tactical formations in peace time, and pass rapidly into their war organisation when war occurs.

"These are the main principles of the scheme. It is not one which has been accepted without the most prolonged consideration of all the numerous and complex conditions involved; nor can it be carried to completion for some time, as each step has to be carefully considered in the fullest detail. In every instance sites have to be examined and surveyed; medical conditions have to be reported upon; the water-supply, cost of labour and building materials, facil-

[*The Commander-in-Chief.*]

ities for training, questions of forage and rations, and numerous other considerations must necessarily be examined. It is obvious, therefore, that the matter is one which will take some time to complete. But if carried systematically to a conclusion, we shall be able to deploy approximately double our former strength in half the time—which appears to be worth a moderate expenditure simply in the form of an insurance. Of course it must be understood that the redistribution of the troops costs only a small proportion of the total grant that has been authorised for the redistribution of the army and its reorganisation on a divisional basis.

“ Closely connected with the training and organisation of the troops themselves, is the equally important subject of staff organisation and training, for however efficient the regimental officers and men may be, however brave and devoted—and we can confidently pay that tribute to the magnificent material of which the Army in India is composed—they can only be heavily handicapped if the staff work fails or is found wanting. We have been trying, therefore, not only to improve our staff organisation by an improved distribution of duties; but, by the establishment of the Indian Staff College, we hope gradually to obtain a large body of highly trained staff officers who will be of the greatest value both for peace preparation and in the ordeal of war.

“ Several little difficulties had to be faced at first ; but they have all been satisfactorily disposed of, and the new buildings at Quetta will be ready in time for the College to be transferred there next term, where they will have the best possible facilities for learning their important duties, both theoretically and in a thoroughly practical manner. With the permission of the Secretary of State and the courteous assistance of our gallant allies, the Japanese, we are arranging to send a party of these young Staff Officers to Manchuria, where they will be able to study on the ground the course of those recent great military operations and learn the many remarkable lessons which that campaign disclosed. Their tour will, I feel sure, have the best results, and be well worth the small expenditure incurred on their passages.

“ At the Budget debate last year I said that I felt sure my Hon'ble Colleagues do not consider the sepoy overpaid—indeed, having regard to the increased cost of living, I should be somewhat surprised if they did not think the converse to be more correct. Whilst systematically proceeding with our schemes for the general improvement of the Army and its preparedness for war, we have therefore been also considering how we can ameliorate the conditions of the troops themselves within the means at our disposal. The kit money of Native troops is being raised from Rs. 30 to Rs. 60, which will give each man a free kit, instead of his having to pay a large part of the cost himself; a boot allowance will also be given to all unmounted combatants; free passages will be granted to a certain number of native soldiers proceeding to their homes on leave; and revised pension rules for the Native Army have been recommended to the Secretary of State. All these measures will be of great assistance to the native ranks, and will, it is hoped, have a beneficial effect.

“ The British officers, also, have not been forgotten. A revised scale of travelling allowances for all officers has been introduced, which will prevent their being subjected to pecuniary loss, as has frequently been the case hitherto when transferred or ordered on out-station duties. The question of the pay of the British officers of the Indian Army is now under consideration, and I hope that before long it may be found possible to do something to improve the position of the junior ranks.

“ My Lord, I am sure we all fully realise that there is no finality in military arrangements. It is an unfortunate necessity that our measures of defence must be periodically revised, in order to keep pace with the progress of other nations and the improvements in their armaments if we intend to maintain our high position in the world. An army is an extremely complicated machine, which becomes more and more complex as new inventions are produced and requires constant overhauling, not only to ensure that each part is thoroughly sound, efficient and suited for its intended purpose, but that all that is not proved to be really

• [*The Commander-in-Chief; The Lieutenant-Governor; Mr. Baker.*]

necessary shall be rejected and got rid of. By carefully observing the latter precaution, the cost of essential improvements may be largely counterbalanced by savings effected in other directions; and, if these principles are constantly adhered to, I feel sure that any increased expenditure anticipated from our schemes of re-organisation will be greatly reduced by a sound system of economical administration in the Army."

His Honour THE LIEUTENANT-GOVERNOR said:—"My Lord, I congratulate Your Excellency's Government and my Hon'ble friend Mr. Baker on the favourable and exceedingly lucid Financial Statement which he has been able to submit, and on the cordial and appreciative reception with which it has met. I think it is only necessary for me to say generally that I find myself in full accord with the remarks which fell from my Hon'ble friend at the last meeting of this Council, in regard to all the important features of the budget. I may be permitted to state, in regard to one important subject which is receiving the earnest attention of the Government of India, that I recognise with great pleasure the spirit, at once sober and sympathetic, in which questions affecting Opium revenue and cultivation are being approached.

"Passing to matters affecting the Province of Bengal, I desire especially to express the feeling of satisfaction and gratitude with which the arrangement for meeting expenditure on famine relief has been received. The arrangement seems to me to have been very carefully considered in view of all the circumstances of the case. The immediate result, so far as the Province of Bengal is concerned, is that we shall be relieved of our famine expenditure next year. We can only regret that this considerate measure had not been conceived a year earlier; but of this we cannot complain.

"I desire also to say that the fixed assignment to Bengal seems to me satisfactory, and to acknowledge the fair share of the grants for Police reforms which has fallen to the Province.

"In common with the rest of India, we hail the decision to reduce the salt-duties and the postal rates with great satisfaction. We are also gratified with the practical assurance given in the Financial Statement, that the question of free primary education is receiving careful and sympathetic consideration, and that, although no provision has been made for it in the Budget, Government is prepared to carry into effect at once, even in the course of the next financial year, any suitable scheme that may be adopted."

The Hon'ble MR. BAKER said:—"My Lord, with one exception, I mean the provision of funds for railways, the present Budget has on the whole been favourably received both in this Council and by the public. With reference to the latter, as represented by the Press, I have been struck by the comparative indifference that has been displayed in some quarters towards the reduction of the salt-tax. Some of our friends in the Press seem almost to regard this measure as of less interest and importance than the lowering of postal charges. I do not at all suppose that they really mean to imply anything of the kind; but, in any case, the comparatively languid approval extended to this reduction is in marked contrast to the vigorous appreciation with which the first reduction was received in 1903. It would be possible to draw the inference that the salt-tax at its present, or even at its recent, rate is so low as not to be felt as an appreciable burden, and that its reduction is no longer a matter of pressing consequence to any one. There may be something in this, and the present incidence of the tax is unquestionably very low; but I suspect that the true explanation is quite different. I believe the attitude of the Press means nothing more than that reduction of the salt-tax, now thrice repeated, no longer possesses the virtue of novelty, and has ceased to impress the imagination of the journalist. This view derives some colour from the comments made by most of the Hon'ble Members in Council to-day. They have left us in no doubt as to the way in which they regard the measure. Their view seems to me by far the juster and sounder of the two; and I venture to think that if we had adopted a course which I have seen hinted at in one

[*Mr. Baker.*]

newspaper, and instead of reducing the duty had spent the money on new railway construction, the observations of most Hon'ble Members would have been very different from those which we have heard to-day.

"The Hon'ble Dr. Rashbehary Ghose and the Maharaja of Darbhanga and I think also Mr. Gokhale go so far as to ask for the entire repeal of the salt-duty altogether. These gentlemen are entitled, if they please, to claim the high authority of the present Secretary of State as an adherent of their view. I would, however, remind the Hon'ble Members that on the occasion to which I allude Mr. Morley offered the salutary advice that we should do well to accept the half-loaf which is better than no bread.

"The Hon'ble and learned Doctor has put forward the highly interesting suggestion that in place of the salt-tax we should impose a succession-duty on the estates of deceased Hindus and Muhammadans. This is the second time that a similar proposal has been made in this Council, for it was advocated some ten years ago by the late Sir Griffith Evans. Independently of this it has been considered by Government on at least three separate occasions, once at the instance of Sir Henry Maine, once on the initiative of Sir Edward Law, and again more recently on a limited scale in connection with the Calcutta Improvement Scheme. On all these occasions the verdict was that though possible on paper it was unworkable in practice. The Hon'ble Member will doubtless note that this justifies his reference to Noodle's celebrated oration. The difficulties anticipated arose mainly, though not entirely, out of the Hindu joint family system. Personally I have never felt very confident on the matter, and it is significant that the project should now have again been raised by a distinguished member of the Bar who is himself a Hindu. I will merely say that if the Hon'ble Member is desirous of assisting us to elucidate the matter, we shall be very pleased to discuss it with him in Simla; though whether the proceeds of the proposed duty would be applied for the purpose he has suggested is quite another question, and one on which I can give no assurance whatever.

"The Hon'ble Member has devoted a great part of his powerful speech to the advocacy of a measure on which he justly claims, as a lawyer, the right to speak, *viz.*, the separation of judicial and executive functions. Now, on the merits of this proposal, it would be quite out of place for me to say anything on this occasion. I have my own opinions—they are on record elsewhere—and they will be brought forward at the proper time. But when the Hon'ble Member advocates it on the score of economy, and on the ground that it will directly save money to the State, then I must assure him that to the best of my knowledge and belief he is merely deceiving himself. The Maharaja of Darbhanga seems to me to take a sounder and more cautious view. I have seen Mr. Dutt's scheme, and I have also seen more than one variant of it; and so far as I am able to judge, not one of them could possibly be carried out without an increase of expenditure. I do not say that the cost would be greater than we could afford, or that the representatives of the tax-payers would not be willing to accept it. Neither do I suggest that if the measure is right in itself we should be deterred from adopting it by reason of its cost. But I do affirm that in itself this measure is not a measure of economy, and that it spells greater expenditure and not less.

"The Hon'ble Tikka Sahib of Nabha has urged the formation of a strong reserve for the Native Army. The Hon'ble Member will, I think, be interested to learn that the strengthening of the present reserve (for a small reserve already exists) is a matter to which His Excellency the Commander-in-Chief has devoted much attention, and it has for some years past been included in the list of measures to which the grant for special military expenditure is applied. It is hoped eventually to raise the strength of the reserve to 50,000 men, and though we are still a long way short of this—we have between 29,000 and 30,000 men—still a good beginning has been made.

"The Hon'ble Mr. Reynolds, while welcoming the new scheme for adjusting Provincial Expenditure on famine relief, is of opinion that the maximum

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limit of 30 lakhs proposed for the United Provinces is insufficient. The Hon'ble Mr. Sim expresses the same view in regard to the assignment of 25 lakhs for Madras. I have explained in the Financial Statement the way in which these various maxima were fixed. I admit, however, that the precise figures are empirical, and if we find in practice that they are unsuitable, we shall not hesitate to revise them.

"Both Mr. Reynolds and the Hon'ble Munshi, Madho Lal have renewed the appeal made by the Hon'ble Rai Sri Ram Bahadur and Mr. Porter last year for additional assistance to the United Provinces. I readily admit that the wants of this Province are many, and also that the terms of its present settlement are less favourable than those of settlements made more recently with other Provinces. Still, I hardly think the Local Government is quite so badly off as the Hon'ble Members paint it. It should be remembered that we have just reimbursed Provincial finances the considerable sum of 28·35 lakhs which they had spent on famine relief. We have also made over to them Rs. 9,80,000, which was the balance of the Patwari fund, and is available for general provincial expenditure. Including these windfalls, the Province starts the new year with a cash balance to its credit of over 62 lakhs, and it only proposes to draw upon this by a little less than 5 lakhs in the course of the year. The proposed outlay on public works is greater than that of any Province except Burma, Bengal, and Bombay, and its educational budget, though it may be as small in proportion to population as Mr. Reynolds asserts, is nevertheless greater than that of any Province except Bengal, Bombay, and Madras. In these circumstances, I hardly think it can fairly be regarded as being in serious financial straits.

"However, I have a crumb of comfort for the Hon'ble Members. Last year I threw out a hint that we might possibly undertake the revision of the settlement before long. During the past year I have had some discussion with Sir John Hewett on the subject, and it was agreed between us that this should be taken up during the ensuing year. I shall then take care to see that the new settlement incorporates all the latest improvements, and is framed on the most liberal scale which the state of our finances will permit. It is also our intention to revise the settlement with Madras, if the Local Government desires it. It is true that Madras is extremely well-off at present, having an opening cash balance of 103 lakhs of rupees—larger than that of any province except Burma.* But the settlement is one of the older ones, and is less favourable than those made more recently, and we desire to place all Provinces as far as possible on equal terms.

"The Hon'ble Munshi Madho Lal has evidently formed a magnificent conception of the obligations of the British bridegroom towards his Indian bride. His princely dream of a grant of 50 millions a year from the British treasury, even for a few years only, opens up an alluring prospect to us who are responsible for Indian finances. But I fear the suggestion is likely to meet with a chilling response from the House of Commons and the Chancellor of the Exchequer.

"I am sorry that the Hon'ble Mr. Hall thinks that the Settlement recently made with Burma is not sufficiently liberal. We recently received a representation from the Local Government to the same effect, and the terms were again fully considered, with the result of confirming us in our view that the settlement is not only fair but generous. I am not prepared to admit that the cost of all public works in Burma is or ought to be double that of similar works in India; but even if that were conceded, I would observe that no other Province in India has received a larger standard assignment for this purpose than 45 lakhs—and only one has received so much. The standard of 80 lakhs allotted to Burma in our judgment is quite adequate. But if the Local Government wishes to spend more, it has ample funds for the purpose, and it has in fact provided for a grant of more than 100 lakhs during the ensuing year.

"I am quite unable to follow the Hon'ble Member's argument that the export-duty on rice entitles Burma to compensation. If this duty does tend to keep down the land-revenue, which is open to argument, this effect is already allowed for in full in the estimate of land-revenue assumed as the

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standard. The Hon'ble Member does not allude to the fact that Burma oil is admitted into India free of duty, and that our Customs receipts are suffering in consequence. I do not propose to make any claim on Burma for compensation on that account.

"In the interesting and suggestive speech of Sir S. Edgerley a number of questions have been raised, some of which will no doubt engage our attention during the summer. I am glad that he, in common with every Member who has referred to the subject today, approves of the new arrangement for the adjustment of famine relief charges. I do not, however, quite understand his regret that we have not moved faster in regard to police reform. As Sir Harvey Adamson has explained, it was contemplated from the outset that we should work up to the full charge of 150 lakhs in 6 years, at the rate of 25 lakhs a year: and as a fact, we have gone rather faster than this. The reason why the additional grants to Bombay and Madras for 1907-1908 are somewhat small is that those Governments have so far failed to spend the grants already allotted to them. I have every reason to believe that, within the next two years, grants will be made which will enable each Local Government to work up to its final settlement figure; and perhaps this assurance will encourage the Bombay Government to use part of its exceedingly large cash balances in pushing on with the schemes it has in hand.

"As regards the debts of the Thana circles in Kathiawar and Guzerat, the position is one of considerable difficulty. It seems unfortunately to be clear that some of these petty estates are absolutely unable to meet the cost of protecting their own people from famine. Where that is the case, there seems no option but to accept the liability as a charge against Indian revenues. But such a result is neither just nor logical, and before it can be admitted we must make very sure, in justice to the general tax-payer, that it is really impossible to recover the whole or part of the charge from the proprietors.

"I am in cordial agreement with the Hon'ble Member in his desire for greater devolution of financial authority to Local Governments, and I am convinced that some such measure is essential if we are to effect a material reduction in the ever-growing mass of official business. I may take this opportunity to mention that we have recently addressed the Secretary of State, in the hope of obtaining an extension of our own financial powers, and if our proposals are sanctioned, it is our intention to pass on a corresponding increase of power to Local Governments. I do not however feel particularly drawn towards one specific proposal put forward by the Hon'ble Member. I can well believe that the condonation of financial irregularities is a matter of greater importance in some provinces than in others. If the Hon'ble Member considers that the mass of business in the Bombay Secretariat would be greatly reduced if they were no longer required to send up cases of infringement of financial rules, I shall certainly bow to his superior knowledge. But I have not observed that any other province has experienced the same necessity; and I am disposed to think that most legitimate requirements are covered by the powers embodied in Article 278A of the Civil Account Code which came into force a few years ago, and to which the Hon'ble Member has made no allusion.

"I have listened with great interest to the Hon'ble Member's suggestions for a broad and elastic measure of devolution—financial, administrative, and statutory—for its periodical examination by a Committee of this Council, and for the eventual formation of local Committees to be associated with Commissioners and heads of districts. These important and far-reaching proposals would require to be considered by the Government of India as a whole. Speaking for myself alone, I will merely say that I heartily concur in the principles underlying them, and if a workable scheme based thereon can be evolved, I do not doubt that it will tend to the unqualified advantage of the administration.

"The Hon'ble Nawab of Dacca and also Mr. Chitnavis have urged the claim of India to receive compensation from the British treasury for the possible loss of our opium-revenue, and has reminded us of the remarks made by the

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Secretary of State on this subject in the House of Commons. On the other hand the Hon'ble Mr. Gokhale has vigorously maintained an entirely contrary view. The Hon'ble Members may rest assured that this aspect of the question has not escaped our attention; but it is not one on which it would be appropriate for me to make any statement. Dr. Rashbehary Ghose has reminded us that threatened men live long, and he at least evidently has little expectation that the revenue will be lost at all.

"I have heard the Hon'ble Nawab's demand for an all-round increase in the numbers and pay of the public services with astonishment and something like dismay. I have now been connected with the Finance Department of the Government of India for five years continuously, and during the whole of that period I do not believe that a single day has passed on which I have not been called upon officially to assent to an increase of pay of some appointment or group of appointments, to the reorganization of some Department, or to an augmentation of their numbers. All experience proves that wherever revision is needed, either of strength or emoluments, the Local Governments and the Heads of Departments are only too ready in bringing it forward. Nor are the members of the various services at all backward in urging their own claims. I cannot in the least recognize the necessity for imparting an additional stimulus to this process. On the contrary, I believe that all that is necessary is continuously being done. In this view I welcome the remarks of the Hon'ble Saiyid Muhammad, though I am not very sanguine that the urgent needs of India will permit of any actual reduction.

"The Hon'ble Maharaja of Darbhanga has made some remarks regarding the food-grain supply of the country and the regulation of exports of grain. There is no doubt that prices have ruled very high during part of the past year and some inconvenience has been caused to certain classes of the population. I am not in a position to assign the cause of the rise, though some reasons have lately been suggested in reply to an interpellation in the Bengal Council, but at all events it is certainly not due to any increase in exports. The total exports of rice during 1906-07 are estimated at 37½ million cwt. compared with 43 millions last year and 49½ millions in the year before, and I have explained in the Financial Statement how considerably this has affected the receipts from the export-duty.

"I have seen it stated in the papers that a committee has been formed under the presidency of the Hon'ble Maharaja to consider the situation and, if possible, to devise measures to meet it. It will be of interest to see what comes of this movement, but personally I should hesitate to express a sanguine view. The price of rice, like that of other staples, is dependent on economic laws, and attempts to interfere with the operation of these are not likely to achieve much success. I think it probable that my Hon'ble friend will find, as a result of his enquiries, that the inconvenience which undoubtedly exists is confined to a comparatively limited number of people. For instance, it can scarcely extend to the agricultural classes, who form 80 per cent. of the whole population, and who must be gainers in the long run by the rise in value of what they produce. The principal sufferers are, I expect, the smaller salaried classes, the poorer *bhadra-lok* on fixed incomes. These are certainly deserving of sympathy and assistance, and if the Hon'ble Maharaja's Committee is able to devise any means of mitigating their difficulties, its labours will be deserving of encouragement. Until we see what the Maharaja's Committee elicits, I do not think that there is any occasion for a Government Committee of enquiry.

"The cost of the Army has, as usual, formed the subject of adverse comment. One Hon'ble Member has reminded us that, while a man in a small way of business may insure, yet a man with a great business often does not insure. The inference suggested seems to be that a small country might properly maintain a strong Army, but that a great country with world-wide interests should only keep up a small one or none at all. I would merely observe that no civilized country of modern times has ever acted on such

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a principle. The Army of India is not excessive for its area or population. It numbers less than 230,000 men, all told, which is barely one fighting-man per 1,000 of the population. Even the petty Kingdom of Belgium, whose population is under 7 millions, has an army whose peace strength is 50,000, equivalent to one per 140 of the population. It may be alleged that the cost of our Army is heavy in proportion to its numbers. I admit the fact: I regret it, and I would gladly see the cost reduced. But I will venture to assure the Council that, to the best of my knowledge and judgment, at no time with which I have personal acquaintance has India received better value for every penny she spends on her Army than she is receiving at the present time.

"I am not sure that I follow the Hon'ble Mr. Chitnavis's remarks regarding the loss which he apprehends results from our sterling loans. It is quite true that during the current year the sterling loan is likely to be raised at an exceptionally unfavourable rate. But even if it should be floated at so low a rate as 90, the true interest works out to only $3\frac{1}{3}$ per cent., whereas it will be seen from the Financial Statement that our Railways are now returning nearly $5\frac{1}{2}$ per cent., while our Irrigation Canals yield a still more favourable return.

"Neither do I understand the complaint that the Railway surplus is only 1 per cent. on the capital charge. It almost seems as if the Hon'ble Member had forgotten that this surplus of 2 millions sterling means the excess after deducting all charges for interest and for annuities for the purchase of Railways that have been brought under this system. This has frequently been pointed out on former occasions. Our Railways do not now impose any burden whatever on Indian revenues; but on the contrary afford considerable relief to the taxpayer. Why it should be suggested on financial grounds that we should hand them over to private enterprise I am unable to understand.

"There is much in Mr. Gokhale's speech which does not fall within my province to deal with. With many of his observations I am in hearty agreement, but I do not propose to refer to these matters at present, and shall confine my remarks to those points in which I have the misfortune to differ from him.

"The Hon'ble Member takes exception to my statement that the salt-tax is the only contribution towards the public expenditure which many of the people pay. I hardly think that the Hon'ble Member correctly quoted my remarks; I did not say that the tax was the only contribution which the poorer classes pay: that is quite a different matter. I must adhere to my view. I am happy to believe that there are many millions of people in India who do not contribute a penny towards the excise-revenue; and though Indians are often said to be litigious, yet every district officer knows how many there are who never enter a Law Court during their whole lives, and who are wholly innocent of any share in the revenue from stamps. Grazing dues and fees for firewood are payment for services rendered. It would be as unreasonable to regard them as a contribution to the State Exchequer as money spent on buying postage stamps or railway tickets. The case of land-revenue is different and more debatable, but the Hon'ble Member is doubtless aware that many authorities, including Sir Henry Fowler, hold that land-revenue in India is not taxation but rent, and it is in that view that my statement was made. When the Hon'ble Member mentions provincial rates, he must surely have forgotten that since the abolition of village service and famine cesses during the last two years, the only provincial rates that remain are those which appertain to local, and not to general revenues. Cotton Excise-duties I must admit that I forgot when making my statement: but as these amount only to 29 lakhs spread over a population of nearly 300 millions, the incidence works out to approximately one rupee among 100 of the population. I concede that point to the Hon'ble Member. As regards Customs, I well remember Sir Edward Law's statement; but he was then endeavouring to enumerate those of our imports which were imported for the benefit of the poorer classes, and it was in this view that he included such articles as railway material, machinery, and mill work. I am prepared to maintain that there are numbers of the people who do not contribute towards the Customs-duties, even indirectly. At the

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same time I am glad to believe that this state of things is slowly passing away with the growing spread of prosperity among the masses.

"Mr. Gokhale is quite correct in saying that the present method of showing the charges for interest on Railway debt involves a minus entry on the expenditure side of the account. To have transferred this minus entry to the revenue side would not, I think, have been an improvement, and that is one reason why we have decided not to do so. But I am not satisfied that the existing method of exhibiting interest charges is altogether satisfactory, and the matter is receiving attention.

"As regards the exclusion of local figures from our accounts, I may explain that the work involved is exceedingly laborious. It necessitates the detailed examination of the receipts and expenditure of many hundreds of local funds scattered all over India, in order to determine which items should properly be incorporated in general revenues, and which should be excluded altogether. This examination is being made, but it will take some time longer, and I am unable to say when it is likely to be completed. Moreover, as I intimated last year, it is impossible to predicate what view is likely to be taken of the measure if it is eventually submitted for the decision of the Secretary of State.

"I am not at all sure, however, that this measure, if it should ultimately be adopted, will give the Hon'ble Member what he apparently requires. Our accounts do show the expenditure incurred under each head of charge, but they are not constructed to show the sources from which the expenditure is met, and, broadly speaking, they could not do so without being entirely recast, if at all. For instance, a large part of the so-called local expenditure is met from funds placed at the disposal of local bodies by Government, and does not represent expenditure from the proceeds of local taxation. If any one wishes to get more minute details, I think he will have to refer to the departmental reports.

"The Hon'ble Member has renewed the criticism which he made last year on the disposal of our surpluses. He objects to their being spent on railway construction or applied to the reduction of non-productive debt; and he urges that they should be devoted to large schemes of water-supply or drainage to improve the health of the people.

"I will not stop to observe that a great part of the surpluses of recent years has arisen from unexpectedly large receipts from opium and great development of our railway earnings and has involved no burden upon any one. It is quite true that during the last nine years we have been favoured with a succession of surpluses, some of which have been of large amount: and that during this period the process of transferring debt from the non-productive to the productive account has proceeded apace, perhaps more rapidly than is really required. But if we take a longer survey, the position is entirely altered. I have looked up the figures for the last 30 years, beginning with 1877-78. During this period, there have been 19 years of surplus, 10 years of deficit, and one year of practical equilibrium. If we deduct the aggregate deficits from the sum of the surpluses, we shall find that the net surplus for the whole period amounts to just over 31 crores, *i.e.*, it has averaged a trifle more than one crore per annum during the whole 30 years. I do not think it can be reasonably affirmed that that is an excessive sum to apply out of surplus revenue towards the reduction of our non-productive debt. If any one should argue that we are more concerned with the present than with the somewhat distant past, I would remind him that in 1866-67 the non-productive debt was increased by £162,000, that in the following year it was further increased by £2,195,000, and that in 1900-01 it was again increased by £2,713,000. This has all happened within the past 10 years, and it would be a rash thing to predict that it will never happen again. However, I do not wish to press this argument unduly. Having regard to the very moderate figure at which our non-productive debt now stands, I am disposed to think that an average annual reduction by one crore or perhaps a crore and a half is sufficient to pay it off within a reasonable time, and that so far as sinking fund operations are concerned we need not attempt to go faster.

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"That however is not all. We have to consider the matter from the standpoint of railway construction. The Hon'ble Member has referred to a suggestion which I made last year, and which my Hon'ble Colleague Mr. Finlay has mentioned today, to the effect that possibly future accretions to the Gold Standard Reserve might be used to provide adequate funds for financing the Railway programme. I certainly think myself that this is a promising resource. But there are two points to be considered in regard to it. In the first place, it will not become available until the invested portion of the Fund is considerably larger than it is now. At present the investments are a little less than 13 millions, and until the figure reaches 20 millions or such larger sum as may be found necessary, I do not think we should be justified in locking up future additions in a non liquid form. It will probably be several years before this limit is reached. The other consideration is of a different nature. The earnings of our Railways and Canals are received in rupees: and if we invest any part of the Gold Standard Reserve in them, we must expect to be told that we are placing the Fund on a silver basis instead of a gold one. I am myself disposed to think that after the Fund has reached a certain figure this might quite safely be accepted; but there can be no assurance that such a course would commend itself to the public or to the Secretary of State. Unless and until these two objects can be attained, *i.e.*, until we can provide adequate funds for productive public works, and can also reduce our non-productive debt by about a crore of rupees a year, I cannot agree that the proposals of the Hon'ble Member are a matter of practical politics. If we can arrange for them both, and still have a surplus, then I agree that we shall have to consider how to dispose of it. It must be spent and must not be hoarded; it may be that some of the objects to which he has referred may be selected. But even then I venture to doubt whether any really large scheme of sanitary reform can properly be financed from a series of fortuitous and fluctuating windfalls. Revenue surpluses are necessarily wanting in the essential feature of regularity and continuity: and if we relied on them to finance such measures as the Hon'ble Member advocates, we should speedily find him or his successors expressing the most lively dissatisfaction at the wasteful stoppage of work or curtailment of funds. If these measures are as urgent as the Hon'ble Member holds them to be—and I certainly do not dispute his contention—then the best prospect of getting them promptly accepted and continuously carried into effect is to get them placed on the regular Government programme and financed from current revenues in the ordinary way.

"The Hon'ble Member will excuse me if I decline his invitation to make an announcement of the intentions of Government as to the purposes and limits of the Gold Standard Reserve on the present occasion. I admit that the time is approaching when it will be necessary to consider whether any, and if so what, limit should be put on the amount of the invested portion, and this question we shall take up without delay. Until that has been done it would be premature, and possibly embarrassing, to make any public declaration of policy.

"I do not propose to notice further the remarks of Hon'ble Mr. Chitnavis regarding the Gold Standard Reserve. I think that, if he will take the trouble to study what was said in the Financial Statement both this year and on former occasions, he will find an answer to most of his questions and a full explanation both of the genesis of the fund and of the objects for which it was originally established.

"With regard to the provision of funds for Railway construction, I desire to associate myself with what has fallen from the Hon'ble Mr. Finlay and I will not go over again the ground he has traversed. In particular I entirely agree in his criticism of the suggestion, of which we often hear, that Railway finance should be separated from our general finance. I should like to add a few remarks on my own account on this subject. I suppose the idea is that if the requirements of Railways are treated as part of the loan requirements of the country as a whole, the Railway Administrations are hampered in some way in obtaining the full amounts they require. People perhaps argue to themselves

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somewhat as follows: a Railway Administration applies for half a million for rolling-stock. The Railway Board, however, replies that the total allotment for the Railway programme is only so much, and that the share which falls to the lot of the particular Administration for rolling stock is only £300,000. The Railway therefore gets £200,000 less than it wanted; and the inference is that if Railway borrowings were treated as a thing apart from our loans for other purposes, it would have got the full amount.

"I doubt whether there is any foundation for this inference, and my belief is that if the suggestion is followed up to the end, it will be found to resolve itself into the proposition that we ought to increase our borrowings for Railway construction, even though we may have to pay a higher rate for the money. That may be a perfectly legitimate conclusion, and even a necessary course of action. But it is an entirely different thing from the suggestion to separate Railway finance. The latter measure by itself would not, I believe, in any way tend to increase the sums available for Railway construction, and might even have the contrary effect.

"The essential thing to remember is that we cannot in any year raise on reasonable terms any larger amount than the market is able to supply. That is the final and ultimate limit on our borrowing, and it applies with exactly the same force whether we raise a single consolidated loan for all purposes, or whether we issue a separate loan for railways only and another one for other purposes. If we attempt to get more than this in the aggregate, the result will be either that we shall fail to get the full amount, or that we shall have to pay more for it.

"It is not possible to give priority to Railway loans. Apart from railways, the only objects for which we borrow are irrigation, war and famine. Irrigation may be left out of account for the present purpose, for the amount we ordinarily spend on it is only 125 or 150 lakhs a year, and this is covered, and usually more than covered, by the supplementary funds provided from non-loan sources as explained in paragraph 71 of the Financial Statement. There remain only war and famine. Manifestly, if we had a war or a famine on hand, and were unable to finance it from current revenue, we should be forced to borrow for it: and the need would be imperative and urgent, and must be given priority over the demands for railways. If, therefore, the market is only prepared to supply, let us say, 10 millions in a particular year on reasonable terms, and 8 millions are required for famine relief or for war, the latter demand must first be met in full, and there remains only 2 millions available for railways. The result is exactly the same whether we raise the Railway loan separately or amalgamate it with the other loans for famine or war.

"If it is supposed that better results would be obtained by enabling Railway Administrations to borrow for themselves, I would point out that we already do so to a large extent, and that actual experience shows that they constantly fail to obtain the funds they want. Thus in the current year three Railways proposed to raise an aggregate sum of 2½ millions for capital outlay. The market conditions, as is well known, were very unfavourable, and in the event the railways were unable to raise anything at all, and were forced to fall back on the Secretary of State for the funds they required. Similar results occur almost every year. In 1905-06 four railways desired to raise rather over 2½ millions, but they were only able to get less than 2 millions. In 1904-05 they wanted £2,900,000, but obtained only £2,417,000. In 1903-04, seven railways proposed to raise £3,178,000, but not one of them was able to get anything at all. I certainly make no reflection whatever on the action of the Railway Administrations concerned. On the contrary, I fully believe that they were well-advised in the course they adopted. The point I wish to press home is that by merely imposing the duty of raising capital for Railway development on private agencies, we do not seem at all likely to facilitate the provision of the funds required.

"It is manifest that what I have said by no means exhausts the subject. It would be an entire mistake to suppose that Government intends to assume

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a merely *non possumus* attitude in this matter. New railways must be built, and money must be found for them. As the mileage increases and traffic develops, more money must be provided for the equipment and expansion of open lines, and their requirements must continue to grow until they swallow up the whole and more than the whole sum which is available according to present standards. It follows of necessity that those standards must be raised. The practical question is to discover the best way of doing so. We are sometimes told that if we utilize properly the security of our splendid Railway property, we shall have no difficulty in obtaining as much money as we want. Those who offer this advice evidently contemplate that in issuing loans for Railway purposes, we should offer to investors not merely a fixed rate of interest but some share in the net earnings in addition. In other words, that in order to raise more money we should be prepared to pay more for it. This comes back to the proposition with which I started. Like my Hon'ble Colleague, I am not authorized to make any pronouncement on this subject. It is a serious question, for even though our railways as a whole are earning more than 5 per cent on the sum at charge, and we could certainly get what we want at a considerably lower figure, yet it by no means follows that this particular method is the most economical that can be devised. The idea of having recourse to future increments of the Gold Standard Reserve appears *prima facie* much more promising, but even here, as I have already indicated, the matter is not all plain sailing. In any case it is certain that India alone will not be able to provide the large sums required, and the question resolves itself into the most advantageous way of approaching the London money market, with which the advisers of the Secretary of State are naturally in much closer touch than we can be in this country. I will, therefore, merely say that, for our part, the matter is engaging our earnest attention, and that I am hopeful that a solution may be found without having recourse to any heroic measures.

"I am disposed to agree in the principle of Mr. Apcar's suggestion that Railway Administrations should be enabled to forecast their requirements beyond the limits of one budget, and to receive sanction to place orders for more than one year. As a matter of fact, existing arrangements do enable them to do this in practice to a far greater extent than the Hon'ble Member is apparently aware of; but I believe that more can be done.

"When a private company embarks on a large scheme in which the expenditure is to be spread over two or three years, they do not as a rule raise all the capital at once. They arrange to call it up from time to time as required. Something analogous to this ought to be possible in the case of our Railways, and possibly Mr. Finlay and myself may be able to devise a workable scheme before long.

"I fear that Mr. Apcar and I must agree to differ in regard to the limit of exemption from the income-tax. I wonder whether my Hon'ble friend is aware that in Germany, where they are said to manage things with high scientific accuracy, the income-tax is imposed on incomes as small as £48, or R720 a year? Yet the standard of living in Germany is certainly a good deal higher than it is in this country.

"The last matter to which I propose to refer relates to the action that has been taken in regard to the recommendations of the Excise Committee which, as Council are aware, was appointed 18 months ago to enquire into the practical working of the Excise Department and to submit proposals for its improvement in its various branches. The Committee was composed of gentlemen possessing peculiar qualifications for the task; they did their work in a most efficient manner: and I desire to express the cordial acknowledgments of Government to Sir James Thomson and his colleagues for the valuable service they have rendered to the Administration.

"The Committee's Report was presented in August last, and has recently been published. For some months we have been considering it, and we have already issued orders, or are about to do so, on most of the principal points with which it deals. It may be of general interest if I lay before the

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Council a brief summary of the conclusions at which we have arrived, and of the action which is being taken upon them. I shall only refer to matters of importance, and shall make no allusion to the many minor points which have come before us.

"The chief matters on which a course of action has already been decided include the treatment of country spirit, its consumption, and the methods by which its production and taxation should be controlled; foreign liquors, *tari*, and the disposal of licenses for retail vend.

"It should always be borne in mind that the main object underlying the reforms which the Committee were called on to consider is the regulation and restriction of consumption, and that while it is necessary to make due provision for the requirements of persons whose habit it is to use alcohol in moderation, it is the settled policy of Government to minimise temptation to those who do not drink and to discourage excess in those who do. Fiscal considerations in connection with the liquor traffic are important, not as an end in themselves, but because, as was stated in the Resolution appointing the Committee, the most effective method of forwarding the policy of Government in regard to consumption is to make the tax upon liquor as high as it is possible to raise it without stimulating illicit production to a degree which would increase instead of diminishing the total consumption, and without driving people to substitute deleterious drugs for alcohol or a more for a less harmful form of liquor.

"In regard to country liquor, which is on the whole the most important exciseable article in common use, the more important reforms in course of adoption or already introduced include the following:—

- (1) The gradual curtailment of the areas under the outstill system, which is, as I explained in Council two years ago, admittedly a bad one, until they are confined to the block of feverish and inaccessible country lying between Chota Nagpur and the Godavari and to certain small tracts of the United Provinces, Madras, Bombay, and Baluchistan, which, for special reasons, cannot be brought under more advanced arrangements.
- (2) Stricter control of the manufacture and sale of liquor in areas where the outstill system may be retained, by preventing the smuggling of outstill liquor into distillery areas; prohibiting the sale of liquor to children and drunken persons; preventing drunkenness in the neighbourhood of shops; stopping the hawking of liquor and its sale in weekly markets, etc.; and exercising greater supervision over licensed shops.
- (3) Gradual abolition of the Central and Sadr Distillery and the District Monopoly systems, and their eventual replacement by a system of supply (except in the Punjab) by a Contract Distillery system on the lines of that at present in force in Madras. The essence of this system, which has been found by the Committee to be the best working system and that most suited to the conditions of India that has yet been devised, is that the monopoly of supply in a district or other selected area is given out on contract, the contractor issuing his liquor at the rate of excise-duty in force and supplying vendors at a fixed rate, determined by tender, over and above this duty, while the right of vend is generally disposed of by auction for each shop sanctioned. This system possesses admitted advantages over the systems for which it is proposed to substitute it.
- (4) Improvement of the quality of the country spirit sold in distillery tracts by greater concentration and more adequate supervision of distilleries; by the adoption of certain detailed improvements in the methods of manufacture recommended by Major Bedford; by securing, where necessary, the guidance of skilled distillery officers; and by requiring periodical analysis of samples of liquor produced at the distilleries. In furtherance of these

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objects it is proposed to appoint three excise distillery experts, such as the Madras Government already possess, for the supervision of distillery work (a) in Bengal and Eastern Bengal and Assam, (b) the United Provinces, the Punjab, and the Frontier Province, and (c) Bombay and the Central Provinces, and to establish distillery schools for the training of the local distillery officers and distillers. The maintenance as an experimental measure of a Central Excise Laboratory at Kasauli till the end of March 1908 has also been sanctioned.

- (5) Enhancement of the existing local rates of duty so far as this may be found to be feasible without giving rise to grave danger of illicit practices. An advance in this direction should be possible in most provinces. It is admittedly desirable that the still-head duty should be the main factor in taxation, and that the revenue to be obtained for the disposal of vend licenses should be subsidiary only.

- (6) Adoption of adequate measures, including the maintenance of an efficient preventive staff, to prevent the production of illicit liquor.

" In respect of foreign liquors, the following reforms are proposed :—

- (1) It is the policy of Government that these should be taxed in such a way as to avoid any undue stimulation of their sale in preference to country spirit. In this connection there has been some diversity of practice as to what classes of liquors should be treated as 'foreign' and what as 'country' liquor. The Government of India, following, with unimportant modifications, the recommendations of the Committee, think that the proper line of division for excise purposes is as follows:—All spirits of Indian manufacture, which are coloured or sophisticated so as to resemble imported liquors, or which describe themselves by the names of such liquors and are obviously intended to give the consumers the impression of being identical with them in character, should be treated as such and taxed at the tariff rate. Plain spirit spiced so as to meet special Indian tastes without any attempt at the imitation of imported liquor should be treated as ordinary country spirit and be taxed at the local rates leviable on such spirits. In connection with this decision it is proposed in future to restrict the manufacture of toddy spirit to one distillery in each of the Presidencies of Madras and Bombay and to tax it adequately as compared with plain spirit manufactured from *mahua*, molasses, etc., and further, as soon as possible, to treat it as foreign spirit and to tax it accordingly. Similarly, *tari* and the so-called country beers should be classed for Excise purposes as 'country liquors,' while all others, for instance, wines made in Kashmir and genuine beers made in India, should be treated as 'foreign liquors' and be taxed as such.

- (2) The manufacture and quality of 'foreign liquors' as above defined and the assessment of duty thereon should be regulated by (a) the control of the flavouring and colouring of locally produced liquors; (b) a periodical examination of samples of imported liquors with a view to the prohibition of the sale of those that are impure or otherwise undesirable; (c) the control of the arrangements for compounding and bottling of imported liquors; (d) a prohibition of their sale below prescribed minimum strengths; and (e) the exercise of more efficient supervision over breweries on lines already in force in Madras.

- (3) One of the matters into which the Committee was asked to enquire was the truth of an allegation commonly made that some particular varieties of imported liquor are specially deleterious as compared with country liquor. The result of Major Bedford's enquiries has

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shown that so far as cheap imported spirit is concerned there is no reason to prohibit its importation on the ground that it is unwholesome, since from a hygienic standpoint it compares quite favourably with the more highly priced imported liquors. Nor again, so long as it bears a due indication of the country of its origin, can it be criticised on the ground that it is a patent-still product falsely described as whisky, brandy, etc., since even the higher priced spirits are now very largely the products of patent-stills. The real objection to this class of spirit is that owing to its extreme cheapness it competes to an undesirable extent with country spirit, and that it is becoming increasingly popular among the natives of India as being in essence the drink of the European classes. The increase made last year in the duty on imported spirit must necessarily have a proportionately greater effect in the case of a cheap article and should already have told against spirit of this nature; and the further restrictions referred to above will work still more strongly in the same direction, since the cheapness of the spirit is mainly due to the ease with which it is put on the market and the low strength at which it is sold.

- (4) As regards 'foreign' spirit produced in India it has been decided to introduce a system of inland transport in bond, so as to place the local trade on an equal footing with imported spirits.
- (5) The existing arrangements for the vend of foreign liquor will be improved, where necessary, (a) by the grant of wholesale licenses and retail licenses for consumption off the shop premises on fixed fees sufficiently high to keep the business in respectable hands, but not so high as to hamper legitimate trade; (b) by the restriction of the number of licenses for consumption on the premises and of beer tavern licenses within the narrowest possible limits; (c) by better regulation of other classes of licenses; and (d) by the prohibition of the sale of 'foreign' and 'country' liquors on the same premises.

"As regards *tari*, the principal reform in contemplation is a tentative move in the direction of introducing the tree-tax system. It has generally been supposed that toddy is the least noxious of all the forms of alcohol in common use in India, and that it would be a great evil to discourage its use if this result should be purchased at the cost of driving the people to more deleterious intoxicants. The Committee have, however, pointed out that toddy is considerably stronger than has sometimes been imagined; that statements as to its relative harmlessness apply only to cases in which it is drunk fairly fresh and in moderate quantities; and that if it is consumed stale or to excess it acts to the detriment of the consumer. The Committee have further found that the consumption of toddy in parts of Bengal, the United Provinces, the Central Provinces, Berar and Coorg is considerable, and requires more adequate check by improved excise methods and enhanced taxation than it has yet received. As already explained, measures are in course of introduction to restrict the consumption of country spirit by an enhancement of taxation throughout large parts of the country, and there will therefore be a considerable risk of increased consumption of toddy in the areas referred to, unless steps are taken to check this also by increase of taxation and by restrictions on its use. The Committee have expressed the opinion that the necessary check would best be imposed under a tree-tax system, and the Local Governments concerned are being consulted as to the desirability of adopting such a system, subject to the necessary safeguards. In the Central Provinces and Berar its experimental introduction in one district has already been decided upon, and the Committee suggest a similar experiment in the case of Bengal. The final decision as to the adoption of the system or otherwise will be left entirely to the discretion of the Local Governments. In the case of the tree-tax systems in force in Madras and Bombay, the Committee have expressed the opinion that certain improvements are

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necessary in points of detail, and these will be brought to the notice of the Governments of those Provinces.

"As regards the method of disposing of licenses for retail vend, the Government are not altogether in agreement with the Committee. In the case of country liquor, the general method of disposing of the right of retail vend is that of sale by auction. The Committee have expressed their preference for a non-competitive system, and discussions as to the relative merits of these systems have recently appeared in the Press. The Government of India consider that the best system is a properly regulated auction system, under which the period for which shops are auctioned would be extended up to three years at the discretion of the Local Governments, and that, though the existing system doubtless requires some modifications of detail in its working, it would be a retrograde step to seek to replace it generally by one of fixed fees. This is not the occasion for an elaborate justification of the reasons for this opinion, but I may quote from a letter addressed to the Government of the Punjab four years ago as giving a succinct view of the position which the Government of India have taken up in this matter :—'The leading principle of the auction system is that as large a portion as possible of the total revenue on country spirits should be derived from the fixed duty, but in addition to the fixed duty a subsidiary and variable revenue is drawn from the fees for licenses for retail vend which are sold by auction. The disposal of vend licenses by auction serves as a simple but sure guide to the local demand and indicates whether the still-head duty is adequate or otherwise. In the opinion of the Government of India it is inadvisable to obtain more than a subsidiary amount of revenue from this source, and disproportionately large receipts from vend rents would indicate that the still-head duty was too small and might be raised, and not that the system should be changed. The objection to fixed vend fees is that experience has shown that it is practically impossible to fix such fees with due regard to the interests of the revenue, and that they generally tend to a level at which they yield large profits to the licensees, with the result that there are several applications for a single shop, constant and troublesome appeals from disappointed candidates, and the risk of collusion with the office establishment. With a system of competition fees which should, as already stated, be a mere subsidiary receipt as compared with still-head duty, these difficulties are avoided, though for the successful working of such a system it is necessary that the preventive arrangements should be such as to debar shopkeepers from making a profit by the use of illicit liquor.'

"These include, I think, all matters of importance on which we have up to the present arrived at definite conclusions. Other matters still remain for consideration, including the number and location of liquor shops, restrictions on the retail sale of liquor, excise establishments, and legislation. These are now receiving attention, and I am hopeful that orders will issue regarding them within a few weeks of our reaching Simla."

His Excellency THE PRESIDENT said :—"I rejoice that the continued prosperity of India enables me to renew my congratulations of last year to my friend the Hon'ble Mr. Baker on the pursuance of a well-considered financial policy, the details of which he has placed before us with so much clearness and which has again enabled him to announce a substantial remission of taxation in the coming year.

"But in the midst of these good times—these times of comparative plenty before which the spectre of famine is falling back—we must not shut our eyes to the misery that is still amongst us—the perennial harvest of the plague. I confess to some surprise at hearing so little mention of its ravages in today's speeches. Recent reports are most depressing. The marked decline in the mortality which occurred in 1906 has not been maintained in the present year. Taking the months of January and February, the figures for the last five years show a progressive increase during those months up to the year 1905 when 252,567 deaths were recorded. In 1906 the mortality for these two months fell to 47,505. It has now suddenly

[The President.]

risen to 157,647, more than three times the number of deaths recorded last year. The disease is at its worst in the Punjab and the United Provinces, whence no fewer than 102,529 deaths have been reported during January and February. A similar rise of mortality has occurred in the Bombay Presidency. Excluding Bombay city, where there has been no increase, there have been 19,841 deaths during the last two months against 6,071 in January and February 1906. In Burma, which escaped plague entirely until two years ago, the deaths in January and February reached a total of 3,574 compared with 1,370 in the same months of 1906.

"In the United Provinces the city of Lucknow is suffering severely from the disease. During the week ending the 16th March, 521 deaths occurred, while in the previous weeks 513 and 266 deaths were recorded. The Government of India have done their best to combat it. In a Resolution published on the 17th January 1906 they stated the results of the practical experience which had been acquired in the previous five years of actual plague administration. They indicated the preventive measures the utility of which appeared to have been established, and they pointed out that their application must depend upon the circumstances of the locality, the character of the people, the stage which the disease has reached and the agency available for dealing with it. In view of the great variety of conditions in different provinces they declined to lay down a uniform scheme of plague administration, and they left it to the Local Governments to determine which of the various measures admissible are practicable or expedient at particular times and places, and finally they observed that in the last resort all preventive action depends for its success upon the hearty co-operation of the people themselves. It is needless to go now into the efforts Government have made and are making to trace the origin of the disease. Much admirable work has been done, and we must hope that scientific investigations may at last help us to check it. I only tell you the sad story of today

"Yet there is much to be thankful for. The Monsoon showered the breath of life almost impartially throughout India and the land has brought forth in plenty. Mr. Baker tells us that the area under the cotton crop is more than a million of acres in excess of that of last year, whilst the estimated yield exceeds that of any previous year by over a million bales; that the cultivation of jute has grown in area by 200,000 acres and in outturn by 600,000 bales as compared with any former return, whilst it is estimated that the jute crop of last year realized 40 crores of rupees. Our Land revenue tells a tale of increasing wealth—of wealth to great proprietors, but still more, I hope, of abundance of the necessities of life to the small tiller of the soil. He is the man we must strive to help. He is to a great extent the backbone of the population of India. On his welfare depends much of the happiness and the contentment of the people. And we have been able to do something for him. The reduction of the salt-tax to Re. 1 a maund throughout the whole of India means very palpable relief. Certainly the tax cannot be termed a heavy one, and it is really the only obligatory tax which falls on the great mass of the population. As I understand my Hon'ble Colleague, the incidence of the duty will now work out to less than $2\frac{3}{4}$ annas per head of the population, and yet in a poor household the amount is very appreciable. It means a loss of £1,266,700 in our revenue for 1907-1908, but in addition to the boon we are conferring on the people our experience of former reductions fully justifies us in assuming that the consumption of salt will more than respond to the reduction in duty.

"But we have undertaken this reduction in the salt-duty in the face of another loss to our revenue—a very serious loss. My Hon'ble Colleague tells us that 'proposals have been submitted by the Chinese Government for the gradual reduction of the imports of Indian opium into China *pari passu* with the gradual contraction of the production of opium in that country, the object in view being the eventual extinction of the opium habit among the Chinese', and in recognition of China's proposals we have already notified a reduction in the number of chests of Bengal opium for sale in 1907-1908 to 49,200 as compared with 52,800 last year. We are also reducing the area of opium cultivation. The intention of the Chinese Government, apparently, is that

[*The President.*]

the reduction of imports of Indian opium into China should be spread over ten years, at the end of which period they should cease. At first sight, I grant that China's proposals are very alarming as to their possible effects on Indian revenues. But I am afraid I am unable to follow the Hon'ble the Nawab of Dacca in his sweeping assumption that India is about to be sacrificed for the pleasure of a few faddists. Neither do I think we are entitled to doubt the good faith of the Chinese Government as to the objects of their proposals. Papers which I have had recently before me indicate every intention on the part of China to reduce with a strong hand the consumption of opium, and the growth of the poppy in her own territory. I am no opium faddist. I quite admit the hardship a proscription of opium would entail on those who use it in moderation as many in this country do, and I am well aware of the difficulties surrounding any attempt to reduce its production. But there is no doubt throughout the civilized world a feeling of disgust at the demoralizing effect of the opium habit in excess. It is a feeling in which we cannot but share. We could not with any self-respect refuse to assist China on the grounds of loss of revenue to India.

"I notice that the Hon'ble Tikka Sahib recognises the harm that intoxicating drugs are already doing amongst the manly race from which he springs and welcomes the orders to reduce cultivation of opium as beneficial to his people.

"I admit that the task China has set herself may be greater than she can accomplish, and that we have a perfect right to require that in agreeing to the reduction of imports from India we should be satisfied of the results of China's efforts to reduce her own internal opium production. But notwithstanding the prospect of a heavy loss in revenue, I hope we may accept what I believe to be my Hon'ble Colleague's view, that provided the transition state through which we must pass is spread over a sufficient number of years, we need apprehend no financial disaster, and may reasonably believe that the expansion of our sources of revenue will continue to guarantee our future prosperity. For the coming year at any rate we are, I think, entitled to look with satisfaction on much that it has been possible to provide for a reduction in postal rates, a largely increased expenditure on education, and assistance to Provincial expenditure on Famine Relief, are all measures which should prove of far-reaching public benefit.

"In respect to Railways, the Hon'ble Mr. Finlay has explained the reasons which have made it necessary 'to omit from next year's estimate any provision for starting the construction of new lines, to retard slightly the progress of lines under construction and to reduce to a small extent the expenditure on special works of open lines.' It has been necessary to provide for a very large expenditure upon rolling-stock, and I am glad to see that the Hon'ble Mr. Apcar, speaking on behalf of the trading interests of Calcutta, welcomes the provisions which have been made to meet a deficiency which have naturally elicited much bitter criticism from the commercial world. However, we may do well to remember that a shortage in rolling-stock has often before now been the evidence of a sudden prosperity which it has been momentarily impossible to meet. I am inclined to ask with my Hon'ble Colleague if, judging from the custom of great trading companies elsewhere, it would not be possible for Indian Companies to relieve the pressure which exists by supplying their own wagons to a certain extent? I am afraid I cannot find it so easy to follow him in his view that Government guarantees are detrimental to private enterprise. I have seen not a little of rapid railway development by private enterprise, but I have never suspected that such development was likely to be delayed by a Government guarantee. My experience has rather been that Government guarantees have very largely encouraged private enterprise. Indeed, with my short acquaintance with India I am rather inclined to suspect that private enterprise may have suffered from want of Government support.

"In respect to Military expenditure I congratulate His Excellency the Commander-in-Chief on the very clear statement he has given to us. His explanation of the manner in which the Army in India is being redistributed will, I trust, assist to disabuse the public mind of many misconceptions. I doubt whether the value of Lord Kitchener's attempt to create a self-contained

[*The President.*]

Divisional organization has ever been sufficiently appreciated, whilst all that he has done and is still doing to improve the position of the sepoy cannot be too widely known. He has also told us that conditions affecting the pay of British officers of the Indian Army is under consideration.

"I am convinced that though the initial outlay of Lord Kitchener's scheme is necessarily heavy, its completion will tend not only to increased efficiency in many directions but will save much of the waste of past years and ensure what I know the Commander-in-Chief has warmly at heart—a sound system of economical administration in the Army.

"The Hon'ble Sir Steyning Edgerley, in his very interesting speech, dealt with many topics requiring much more detailed consideration than it would be possible to devote to them today, but I can assure him of my full agreement with the views he has expressed of the sympathetic treatment we owe to the Bombay Chiefs, whilst in all he said as to the evils of centralized administration he will find himself in entire accord with many an overworked public servant in this country. Perhaps I speak feelingly as one who is called upon to overrule a Local Government on such a weighty matter as the extravagant purchase of a horse valued at Rs. 70, or to check the heavy expenditure entailed by the unpardonable demand of some distant Collector for the erection of a bath-room, and simultaneously to guard the interests of India in connection with the administration of a world-wide Empire. I do not think we can go on as we are. We can, I hope, do something to shake off the unnecessary chains that bind us. Perhaps we are on the eve of new possibilities.

"The Hon'ble Mr. Gokhale tempts me to foreshadow the future. I am afraid at present I can only do so faintly. I recognise with him that politically India is in a transition state, that new and just aspirations are springing up amongst its people, which the ruling power must be prepared not only to meet but to assist. A change is rapidly passing over the land, and we cannot afford to dally. And to my mind nothing would be more unfortunate for India than that the Government of India should fail to recognise the signs of the times. I have deemed it all important that the initiative of possible reforms should emanate from us. I have felt that nothing would be more mischievous to British administration in India in the future than a belief that its Government had acted on no conviction of their own, but simply in submission to agitation in this country and in accordance with instructions conveyed to them from home. If there has been misconception as to this, I hope I may be allowed this opportunity of correcting it. The story as far as I can tell it at present is simply this: that last autumn I appointed a Committee of my Council to consider the possibility of a development of administrative machinery in accordance with the new conditions we were called upon to face. The Committee's report was considered by my Council, and a despatch expressing the views of my Colleagues and myself has been forwarded to the Secretary of State. What I would impress upon you is that this move in advance has emanated entirely from the Government of India, and that we are justly entitled to deny any accusation of 'an inadequate appreciation of the realities of the present situation.'

"We have now to await the reply of the Secretary of State, and there is no intention that any legislation should be undertaken before the public in India and at home have had ample opportunity for an expression of opinion on the proposals we have placed before him. I can assure all those who are interested in this great question that the despatch we have recently addressed to Mr. Morley is fraught with great possibilities, and I earnestly trust that the suggestions it contains may go far towards satisfying the pressing requirements of the Indian Empire."

The Council adjourned *sine die*.

J. M. MACPHERSON,
Secretary to the Government of India,
Legislative Department.

CALCUTTA ;
The 28th March 1907. }

APPENDIX C.

(Vide page 44.)

No.	States.	Annual revenue.	Annual cost of maintenance of Imperial Service Troops.	Percentage of cost.
		Rs.	Rs.	
1	Kashmir	89,00,000	9,20,076	10.3
2	Patiala	61,00,000	6,33,631	10.3
3	Jindh	15,00,000	1,07,822	7.1
4	Nabha	12,00,000	1,29,347	10.7
5	Kapurthala	13,00,000	1,25,130	9.6
6	Bahawalpur	24,00,000	2,00,000	8.3
7	Faridkot	4,00,000	54,854	13.7
8	Sirmur	5,00,000	48,119	9.6
9	Maler Kotla	3,00,000	34,500	11.5
10	Alwar	30,00,000	4,38,676	14.6
11	Bharatpur	37,00,000	2,43,980	6.5
12	Jodhpur	50,00,000	4,18,000	8.3
13	Bikaner	20,00,000	1,55,557	7.7
14	Jaipur	62,00,000	2,52,001	4
15	Rampur	33,00,000	1,49,238	4.5
16	Gwalior	1,48,00,000	12,90,707	8.7
17	Bhopal	25,00,000	2,02,097	8
18	Indore	48,00,000	2,41,314	5
19	Mysore	2,15,00,000	6,17,485	2.8
20	Hyderabad	3,59,00,000	5,01,656	1.3
21	Bhavanagar	30,00,000	1,79,962	5.9
22	Navanagar	32,00,000	59,460	1.8
23	Juagarh	27,00,000	68,547	2.5

NOTE :—

- (a) Minimum percentage 1.3 (Hyderabad).
 (b) Maximum percentage 14.6 (Alwar).
 (c) Average percentage 5.2.



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